



# State of Alaska

## 2025 Salary Study FAQ Sheet

The 2025 Statewide Salary Study is complete. Based on current and robust data, Segal has confirmed there are areas where the State of Alaska is well within the market for pay as well as areas for improvement.

### What are the study's key findings?

- When comparing pay range minimums to the market:
  - 72% of employees in benchmark jobs are paid **At** or **Above Market** rates compared to the market median (50<sup>th</sup> percentile).
  - 57% of employees in benchmark jobs are paid **At** or **Above Market** leading rates (65<sup>th</sup> percentile).
- The current pay range for Police, Fire Fighters, and Corrections; Legal, Judicial, and Related; and Craft and Labor occupational groups is consistently **At** or **Above Market**.
- The State's current classification system is complex, administratively burdensome, and lacks agility to adjust to market with more than 250 unique salary ranges across 12 bargaining units. Its outdated structure makes it challenging to implement changes to maintain competitiveness in the labor market. The study recommends that the State of Alaska develop a streamlined classification structure, supported by a rotating schedule for regular review, maintenance, and updates to job classifications.

### Did the study say how much salaries should be increased?

No. The purpose was to provide State leaders with data and related insights to make decisions related to compensation for State positions. Any salary updates need to reflect the appropriate balance to compensate State employees fairly, compete for skilled employees in the job market, and effectively manage and forecast the cost of government operations.

### Why can't the State just apply a percentage increase to job classes that were under market?

Even within occupational groups and job families which are below market, there is variation, and an across-the-board increase would not address these variances in a way that realigns the pay scale to the market. The State is statutorily required to maintain the internal alignment of the State's pay plans under the State Personnel Act (AS 39.25), to provide fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work. This means that while market data can inform where adjustments to pay for job classes may need to be assessed, the State still must maintain the integrity of the internal alignment of the pay plans.

**Why can't the State apply an increase for all job classes?**

An across-the-board increase would also impact at or above market job classes and would not address job family specific variances in a way that realigns the pay scale to the market. The State is statutorily required to maintain the internal alignment of the State's pay plans under the State Personnel Act (AS 39.25), to provide fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work. The overall averages in the salary study are a broad comparison based on the combined average of benchmark jobs and does not account for occupation-specific variances in market competitiveness that become apparent when reviewing the findings in the context of all job classes in the job family or occupational grouping.

**What happens next?**

The State of Alaska will develop a plan to modernize and streamline the classification system to increase the agility of the system while supporting initiatives already underway, such as competency (skills) based hiring, and building career paths through on-the-job training. While that project is underway, the Division of Personnel will review study findings by job family to determine if a salary adjustment is warranted, beginning with job families that include benchmark jobs that are 10% or more below market.

**What is a benchmark job?**

Benchmark jobs are a representative sample of all job classes and typically encompass roles and responsibilities that are commonly found across many organizations to be used as a standard for comparison. Benchmark jobs serve as reference points for determining market competitiveness in a salary study.

**How were State benchmark jobs selected for the study?**

The Division of Personnel (DOP) analyzed the State's full classification outline, which includes over 1,000 job classes, to identify a representative sample of State job classes. 404 benchmark jobs were identified, representing 37% of State job classes.

DOP used the following best practice guidelines for benchmark selection:

- ✓ Representation of all occupational groups and levels throughout the organization
- ✓ Highly populated jobs
- ✓ Jobs found in most public sector organizations and private sector
- ✓ Jobs with recruitment or retention issues

**What is a peer jurisdiction and how were they selected?**

A peer jurisdiction can be a local or state government that is similar to Alaska in terms of its economy, geography, and other factors. The peer organizations were selected to represent the variety of job functions performed at the State. The labor market in which the State competes for talent is comprised of in-State and out of State comparators from other public sector organizations. The selection of peer organizations considered

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multiple factors, such as organization size, geographic location, industry, as well as the general recruitment and retention experience of the State.

### **Was salary data from Alaska's private sector also included?**

Yes. Segal used published surveys that included Alaska private sector employers to gather salary data.

### **What does base pay mean in the context of this report?**

Base pay is defined as the published (or formalized) salary structure pay grade range minimum, midpoint, and maximum. It is considered the direct compensation component of salary, exclusive of any other pay related items such as overtime, premium pays, differentials, etc.

### **How is market competitiveness determined?**

Segal defines a market competitiveness corridor as outlined below:

- Salaries in the benchmark jobs that are less than 95% of the identified market competitive point are considered *Below Market*
- Salaries in the benchmark jobs that are between 95% and 105% of the identified market competitive point are considered *At Market or Market Competitive* (equivalent to +/- 5% variance from the identified market competitive point)
- Salaries in the benchmark jobs that are greater than 105% of the identified market competitive point are considered *Above Market*

### **What is a market competitive point?**

Segal compared the State to both the market 50th and 65th percentile market competitive points. The 50th percentile is often referred to as the 'market median', which represents the middle point of a data set. Whereas the 65th would be considered a market leading point for comparison purposes.

A percentile indicates how a value represents and compares to other values in a set of market data. A value at the 50th percentile means it is higher than 50% of the market data and lower than the remaining 50% of the market data. Similarly, a value reported at the 65th percentile means that it is higher than 65% of the market data and lower than the remaining 35% of the market data.

### **Why are there two market competitive points in the report?**

For a large employer and complex employer, such as the State of Alaska, market studies often use more than one market competitive point. This allows consideration of different market competitive frameworks. The State of Alaska has used multiple market competitive points in prior salary studies and continued the practice in this study.

### **What is a percentile in the context of this study?**

Percentiles divide a data set into equal parts, showing the distribution of values. Percentiles are calculated by arranging the data in ascending order and identifying the

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value below which a specified percentage of the data points fall. For example, in a given set of data points, the 65<sup>th</sup> percentile does not mathematically equate to being exactly 15% above the 50<sup>th</sup> percentile. The distribution of the data (or standard deviation) impacts how closely or widely individual data points are spread.

### **Does the percent difference from the market competitive point equate to needing to increase the pay of the benchmark job by the same percent to be market competitive?**

Because percentiles are based on the distribution of data, they do not mathematically equate to the related salary figure being exactly the same percent above or below the applicable salary point. For example, if the salary minimum for a benchmark job is at 80% of the target market competitive point, the amount of pay increase to bring the salary minimum to be at market (at least 95%) may not be a 15% increase to the base pay. This is because the standard deviation, or spread, of the data set varies for each benchmark job.

### **What is the difference between “cost of living” and “cost of labor”?**

“Cost of living” refers to the costs to a consumer in a specific geographic area. It reflects the price of food, housing, groceries, transportation, education, taxes, and entertainment. A cost-of-living indicator would measure changes over time in the total amount of money required to maintain a specified standard of living. Cost of living is dictated by the local demand for and supply of goods and services.

“Cost of labor” refers to the difference in pay or labor market for a job from one location to another. The cost of labor is what a particular geographic market offers as the “going rate” or compensation for its jobs and reflects the local demand for and supply of labor.

### **What steps do the State’s minimum, midpoint, and maximum represent?**

The State range minimum represents Step A, except for the Alaska Vocational Technical Teachers Association bargaining unit (TA) the state pay range minimum represents Lane 1, Step 1.

The State pay range midpoint represents Step F, except for the following bargaining units: Step E for bargaining unit Supervisory (SS), Step J for bargaining unit Labor, Trades & Crafts (LL), and Lane 1, Step 3 for bargaining unit TA.

The State pay range maximum represents Step O, except for bargaining unit TA, where the state pay range maximum represents Lane 4, Step 1.

### **Are retirement plans being evaluated?**

This study’s primary focus has been on salaries. The Department of Administration’s Division of Retirement and Benefits (DRB) has that expertise and is working with the Alaska State Legislature as they evaluate the State’s retirement systems during the legislative session.

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