

HOUSE FINANCE COMMITTEE
February 2, 2026
1:33 p.m.

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CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative Elexie Moore
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Stefanie Bingham, Director, Division of Administrative Services, Department of Administration; Aimee Devaris, Director, Division of Personnel, Department of Administration.

PRESENT VIA TELECONFERENCE

Bill Smith, State Chief Information Officer, Department of Administration; Kathleen Wallace, Director, Division of Motor Vehicles; Terrance Haas, Public Defender, Public Defender Agency, Department of Administration; James Stintson, Director, Office of Public Advocacy, Department of Administration.

SUMMARY

HB 263 APPROP: OPERATING BUDGET;AMEND;SUPP

HB 263 was HEARD and HELD in committee for further consideration.

HB 265 APPROP: MENTAL HEALTH BUDGET

HB 265 was HEARD and HELD in committee for further consideration.

OVERVIEW: STATEWIDE SALARY STUDY UPDATE BY THE DEPARTMENT OF ADMINISTRATION

OVERVIEW: GOVERNOR'S FY 2027 BUDGET OVERVIEW BY THE DEPARTMENT OF ADMINISTRATION

Co-Chair Josephson reviewed the meeting agenda.

#hb263

HOUSE BILL NO. 263

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

#hb265

HOUSE BILL NO. 265

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

^OVERVIEW: GOVERNOR'S FY 2027 BUDGET OVERVIEW BY THE DEPARTMENT OF ADMINISTRATION

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STEFANIE BINGHAM, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION, introduced the PowerPoint presentation, "Department of Administration

FY2027 Governor's Budget Overview" dated February 2, 2026 (copy on file). She noted that she was new to the Department of Administration (DOA) and had served in the position for six months. She began on slide 2 and gave an overview of the mission and organization of the Division of Administrative Services (DAS). She explained that the department's mission was to provide consistent and efficient support services to state agencies so they could better serve Alaskans. She outlined services to the public, including legal and advocacy services, the Alaska Public Offices Commission (APOC), public communications services, and the Division of Motor Vehicles (DMV). She also outlined services to state agencies, including the Office of Administrative Hearings (OAH), DAS, the Division of Finance (DOF), the Division of Personnel (DOP), and the Office of Information Technology (OIT).

Ms. Bingham advanced to slide 3, which reflected budget trends from FY 21 through FY 27. She reported that DOA's proposed FY 27 budget totaled \$350 million, up from \$340 million in FY 26.

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Representative Stapp welcomed Ms. Bingham and expressed appreciation for her coming before the committee. He understood that she was new but expressed confidence that she would give a great presentation.

Ms. Bingham thanked Representative Stapp. She continued the presentation on slide 3. She reported that unrestricted general funds (UGF) totaled \$99.8 million, up from \$96.6 million in FY 26. She reported that designated general funds (DGF) totaled \$36.5 million, up from \$35.4 million. She reported that other funds totaled \$212.3 million, up from \$207.6 million in FY 26, and primarily included interagency receipts and the OIT service fund. She added that federal funds totaled \$1.3 million which was an increase of approximately \$23,000.

Ms. Bingham advanced to slide 4, which displayed the FY 27 budget by fund group and provided an additional perspective on the previous slide. She continued to slide 5, which showed how funds were allocated across results delivery units (RDU), which represented appropriations in the budget. She noted that the department was primarily funded by the other fund group, including interagency receipts and

the OIT Information Services Fund. She detailed that centralized administrative services (CAS) totaled \$104.8 million, OIT totaled \$68.2 million, and the Division of Risk Management (DRM) totaled \$35.2 million. She reported that the largest portion within UGF was in legal and advocacy services at \$85.7 million and the smallest share was under \$11.6 million. She added that Shared Services of Alaska (SSA) was eliminated in the FY 27 budget.

Representative Hannan noted that she had received an inquiry from a state employee regarding SSA positions being moved back to departments during the hiring freeze. She asked if employees would move laterally with their positions rather than needing to reapply.

Ms. Bingham clarified that SSA and payroll were separate, and payroll fell under DOF while SSA was its own division. She explained that accounting and travel functions would return to the departments and that filled positions would move with the employees. She added that if positions were vacant, agencies would work collaboratively to recruit new candidates.

Representative Hannan asked for confirmation that current employees would not lose their jobs, but that some vacant positions might need to be reevaluated and reapplied for. She asked if vacant positions might be affected by the hiring freeze.

Ms. Bingham replied that the hiring freeze should not impact the transfers because the department was receiving a blanket waiver to continue recruitment. She noted that one position would be eliminated, which was the SSA director.

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Ms. Bingham advanced to slide 6 which showed FY 26 requests that were not funded. She reported that the Office of Public Advocacy (OPA) had requested three positions: an administrative officer, a paralegal, and an attorney V. She added that OIT had requested Microsoft 365 Copilot AI tools and related projects, and DMV had requested additional programming capacity through an analyst programmer position. She explained that the requests were not resubmitted for FY 27 because the department prioritized its most critical needs given statewide budget constraints.

Ms. Bingham advanced to slide 7, which showed the status of FY 26 items. She reported that OPA included \$450,000 of UGF and associated authority for guardian eligibility and a public guardian position related to Child in Need of Aid (CAN) casework. She reported that the Public Defender Agency (PDA) included \$1.5 million of statutory designated program receipts for contractual assistance to the Municipality of Anchorage for misdemeanor cases. She added that OIT included \$529,000 of other funds to address rising software and contract costs associated with increased usage and inflation.

Co-Chair Josephson noted that the items identified on slide 6 were requests made the prior year that were not funded and were not being re-requested. He asked for clarification on whether slide 7 reflected items that had been funded. He asked if the department was reporting on the status of the funding.

Ms. Bingham responded in the affirmative.

Representative Stapp asked for more information about the OIT fund source listed as other. He asked whether the source was program receipts or a licensing fee.

Ms. Bingham responded that it was the OIT Information Services Fund.

Representative Stapp noted the paragraph under OIT on slide 7 referencing increased usage and inflation through ongoing contract review, careful service prioritization, and long-term lifecycle planning. He asked what the terms meant in relation to licensing and software costs. He suggested that the department could follow up in writing if necessary.

Ms. Bingham deferred the question to her colleague.

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BILL SMITH, STATE CHIEF INFORMATION OFFICER, DEPARTMENT OF ADMINISTRATION (via teleconference), explained that licensing and software costs were driven both by inflationary increases in per-license charges and by increased utilization by departments. He added that as more employees used certain services, costs rose, and OIT adjusted in response to departmental needs. He noted that

there were additional steps the office was taking to manage overall operational costs.

Representative Hannan noted that in the prior year, the legislature had denied funding for one DMV item to expand its IT capacity. She observed that the division generated revenue for the general fund and asked whether broader IT improvements elsewhere would benefit DMV. She noted the division had identified a need for its own IT capability and asked if the division would benefit from the expansions occurring in other areas.

Mr. Smith responded that the answer was "yes and no." He explained that the DMV benefited from enterprise services within OIT. However, he clarified that the specific request in question involved a system unique to DMV and not an enterprise-wide system. He explained that such systems were generally managed, resourced, and provided by the divisions or departments themselves and were not part of the OIT service catalog. He suggested that the committee could consult the DMV director for more information about the specific impacts on DMV.

Representative Hannan asked if the FY 26 requests on slide 6 that were not included in the budget in the prior year and were not being resubmitted had been stopped at the Office of Management and Budget (OMB) level. She asked for confirmation on whether the DMV had made the same requests again to improve service and efficiency, but the requests were not included in the OMB budget delivered to the committee. She asked if DMV had made the requests.

Ms. Bingham replied that the request had not been for IT capacity but rather for a position to work on IT capacity. She explained that the division had been able to manage the work within existing resources and the item had not been re-requested.

Co-Chair Josephson remarked that he had a similar question regarding OPA and PDA. He assumed the requests would rise to a high level of priority if the entities were not meeting their obligations and had constitutional responsibilities and needed more resources. He expressed hope that OMB would be responsive.

Ms. Bingham responded that she believed OPA Director James Stinson was available online for questions. She reported

that the department was working with OMB on its needs and discussing the needs internally as they arose, but the current budget did not reflect an increase other than salary adjustments.

Co-Chair Josephson indicated he would set aside the matter for now rather than questioning the online testifiers.

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Ms. Bingham continued at slide 8, which showed the enacted FY 26 management plan by line item. She reported that personnel services accounted for the largest share at over \$70 million for legal and advocacy services. She noted that the smallest share was APOC. She reported that services were significant for CAS at \$55.5 million, OIT at \$37.2 million, and DRM at \$34.2 million. She added that the smallest share for services was APOC at \$89,600. She stated that commodities and capital outlay remained minimal across the department, with the largest share being \$1.3 million for DMV. She reported that travel was also minimal across the department, with the largest share being for OPA and PDA at just over \$1 million.

Representative Galvin noted that APOC appeared to be the only line item showing a reduction in funds for the upcoming year. She asked whether the commission was already meeting its mission or if there was another reason for the reduction.

Ms. Bingham responded that she would follow up with more information.

Representative Allard asked if the presentation listed the number of employees under APOC and the amount of funding designated to their income.

Ms. Bingham replied that she could follow up with the details.

Representative Allard asked for the information to be fully broken down to show the amounts APOC received and where the funding went. She requested that the details be provided to all members by email.

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Ms. Bingham continued to slide 9 and reviewed some of the department's recent accomplishments. She reported that the department maintained retirement and benefits operations during system outages, automated payroll timesheet approvals, which eliminated manual review of 7,500 timesheets per pay period, completed the statewide salary study and implemented based recruitment, migrated disaster recovery and Oracle systems to the cloud, which reduced recovery time from days to minutes, and stabilized defense services while reducing attorney vacancies.

Ms. Bingham reviewed slide 10 and summarized some of the high level FY 27 budget changes department wide. She reported that there was an addition of \$2 million for an IT class study implementation and \$7.7 million for salary and AlaskaCare rate adjustments. She explained that SSA included 57 positions transferring back to original agencies for accounts payable, travel, and expense activities. She added that 24 permanent full-time positions and 6 non-permanent positions were transferring from SSA to DOF and the SSA director position was deleted due to the reorganization.

Ms. Bingham advanced to slide 11 and provided additional detail on division changes and position transfers. She reported that 40 permanent full-time payroll positions in DOF were moving back to agencies. She listed position transfers from DOF to agencies as follows: eight for the Department of Corrections (DOC), six for the Department of Fish and Game (DFG), one for the Department of Law (DOL), one for the Department of Military and Veterans Affairs (DMVA), four for the Department of Natural Resources (DNR), three for the Department of Public Safety (DPS), and 17 for the Department of Transportation and Public Facilities (DOT). She added that one accountant position transferred to the Office of the Governor, OIT deleted one long term vacant position for a reduction of \$140,000, and PDA added one holistic defense worker funded by the Alaska Mental Health Trust Authority (AMHTA).

Ms. Bingham continued to slide 12 and explained that it provided a consolidated view of the FY 27 proposed budget by division and fund source, showing total allocations and changes from FY 26. Some of the major shifts included the elimination of SSA and an increase for DOF due to the deconsolidation of SSA and the movement of procurement and print services to CAS.

Ms. Bingham moved to slide 13 and reviewed vacancy trends. She reported that vacancy rates had varied over time, peaking in some divisions such as DOF and OIT for IT and accountant positions. She noted that DMV positions were experiencing high turnover in lower range positions such as range 10 and range 12, but the department was prioritizing the positions.

Co-Chair Josephson asked what the salary looked like for a range 10 employee.

Ms. Bingham replied that she would need to follow up with the information.

Co-Chair Josephson observed that employees at a range 10 did not appear satisfied with their wages and there was notable turnover.

Ms. Bingham responded that employees typically moved up from lower range positions, which contributed to the higher turnover. She noted that range 10 was one of the lowest range positions.

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Representative Hannan asked what a range 10 employee at DMV would be doing.

Ms. Bingham deferred the question to her colleague.

KATHLEEN WALLACE, DIRECTOR, DIVISION OF MOTOR VEHICLES (via teleconference), responded that a range 10 DMV employee was frontline staff who helped customers in person, over the phone, through the mail, and through online services. She explained the employees processed everything the public would need at the DMV short of the road skills test, which were performed by range 12 employees and above. She explained that range 10 employees processed driver's licenses, commercial driver's licenses, and vehicle transactions. She reiterated that anything the public would go to the DMV for was processed by a range 10 employee.

Representative Hannan remarked she was somewhat surprised by the response. She observed the range 10 employees generated money for the state and interacted heavily with the public. She noted that there was a stereotype about

negative experiences at DMV offices but she had generally had positive experiences with DMV staff who were helpful and able to solve problems quickly. She referenced examples such as obtaining a permanent identification card and a temporary handicap placard during knee surgery recovery. She emphasized the extraordinary aptitude required to interact with the public and solve problems and expressed that the state needed to retain DMV employees. She suggested the salary study might recommend placing those positions at a higher range and stressed the importance of strong frontline service delivery for Alaskans.

Representative Allard asked how much a range 10, step A employee made.

Ms. Wallace responded that the total cost for a range 10, step A was \$79,820 per year and that the base salary the employee took home was \$40,599.

Representative Allard asked for confirmation that a step A range 10 made almost \$80,000 to process driver's licenses and related work.

Ms. Wallace clarified that the \$79,820 figure included all benefits, including health insurance.

Representative Allard asked what the actual salary was as compared to the full benefits amount.

Ms. Wallace responded that the base salary minus benefits was \$40,599.

Representative Allard commented that the salary was a "stinger" and she wanted the information out in the open.

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Representative Tomaszewski asked how many range 10 employees moved up into new positions. He thought it would be useful to know whether employees were being promoted rather than leaving for outside employment.

Ms. Bingham responded that obtaining the information would be somewhat challenging because employees could move to other agencies and the department might not have full statewide visibility. She indicated the department could

look into the matter and provide whatever additional detail was available.

Representative Tomaszewski expressed his appreciation but advised the department not to spend excessive time on the request.

Ms. Bingham continued with slide 14 and explained that it showed vacancy percentages by RDU. She reported that the overall vacancy rate for FY 26 was about 17 percent. She clarified that the data represented full-time positions only as of December 15, 2025. She added that if full-time and non-permanent positions as of January 15 were combined, the department's vacancy rate would be 13.1 percent. She explained that the department elected to use full-time positions when presenting vacancy rates because of the seasonal nature of non-permanent positions.

Co-Chair Josephson observed that DRM staff were highly skilled and educated and asked what conclusion should be drawn from the vacancy rate in the division.

Ms. Bingham confirmed the positions were highly skilled and explained there were three vacant positions in a small division of six. She reported the department was actively recruiting for all three positions and noted the director of DRM was available for further questions.

Representative Galvin noted that funding had not increased for APOC and it had a 33 percent vacancy rate. She asked whether the high percentage was due to the small size of the commission.

Ms. Bingham responded that APOC was very small and the vacancy percentages could increase quickly when even a few positions were vacant. She added that the department prioritized filling positions in small divisions with limited staff.

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Representative Stapp remarked that the state had shifted back and forth for decades between centralizing and decentralizing functions such as payroll. He suggested the department and OMB document the reasons for the current decentralization so future decision makers would understand the rationale.

Ms. Bingham agreed and indicated the department would work to ensure the reasoning was documented.

Ms. Bingham advanced to slide 15 and explained that it provided additional vacancy detail by component. She noted that DOF and DOP had prominent vacancy challenges and reported that recruitment and retention remained priorities across the department. She stated that vacancy rates by division ranged from 4.9 percent to 33.3 percent.

Co-Chair Josephson asked if Mr. Terrance Haas was online. After learning that he was, he asked Mr. Haas to describe how he would solve the trial delay issue referenced in the ProPublica stories if he had full authority.

TERRANCE HAAS, PUBLIC DEFENDER, PUBLIC DEFENDER AGENCY, DEPARTMENT OF ADMINISTRATION, (via teleconference), remarked that if he were a benign dictator with unlimited resources and power, the answer would be partially procedural and outside his control as a public defender, specifically the way cases moved through the court system. He explained that his two consistent needs were employing enough lawyers and employing lawyers with sufficient experience. He conveyed the agency was working toward the goal but he would prefer to progress faster. He reported that he was hiring lawyers at a rapid pace, but it took time to train them. He indicated that with unlimited authority he would ensure a large group of highly experienced lawyers were ready to handle serious cases at a reasonable speed. Under current conditions, he emphasized the need for time to train staff and noted that effort was ongoing.

Co-Chair Josephson posed the same question to Mr. Stinson regarding the trial backlog and frequent waiving of the speedy trial rule.

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JAMES STINTSON, DIRECTOR, OFFICE OF PUBLIC ADVOCACY, DEPARTMENT OF ADMINISTRATION, (via teleconference), remarked that he appreciated that Mr. Haas had addressed the question first. He explained that in a resource-constrained system, the key issue was overall capacity: how many cases the system could process, at what speed, and how many trials could be handled. He indicated that the answer

depended on staffing levels, experience, and court capacity, including the number of judges and courtrooms. He explained that many cases had been waiting a long time for a trial and would not resolve without a trial, which required significant time and resources. He noted that attorneys could not talk to other clients or resolve other cases when they were in trial. He added that the entire system was feeling the strain and he had been having productive discussions with Ms. Bingham and OMB regarding agency challenges. He expressed appreciation for the resources provided by the legislature and the governor's office and acknowledged the broader resource constraints.

Representative Allard asked if she could be provided with a breakdown of vacancies by department.

Ms. Bingham responded that the information was being prepared. She reported that a memo had just been completed and was undergoing internal review and would be transmitted to the committee soon.

Representative Allard asked if the information would include position titles, pay, and length of vacancy.

Ms. Bingham replied that she would provide as much detail as possible.

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^OVERVIEW: STATEWIDE SALARY STUDY UPDATE BY THE DEPARTMENT OF ADMINISTRATION

AIMEE DEVARIS, DIRECTOR, DIVISION OF PERSONNEL, DEPARTMENT OF ADMINISTRATION, thanked the committee for the opportunity to provide a status update on the salary study. She noted she was just shy of her three-month anniversary in state service and asked for patience as she navigated procedures and expectations. She introduced the PowerPoint presentation "Department of Administration Statewide Salary Study" February 2, 2026 (copy on file).

Ms. Devaris continued to slide 2 and relayed that the statewide salary study was launched following a legislative

appropriation in FY 24 of about \$1 million. She explained it was a multiyear appropriation to account for the large scope of the project. She relayed that the primary goals were to increase applicant pools for state positions by making the state a more competitive employer, and to identify potential cost savings for job classes where the state was over market in its salary structure.

Ms. Devaris reported that the salary study was conducted by Segel, finalized in January of 2025, and released in April of 2025. She conveyed that the study provided insight into how the state's base pay compared with market benchmarks. She highlighted that the report identified complexities in the state's current classification and pay system, particularly challenges created by broad pay structures that grouped diverse occupational roles under a single pay plan. She explained that the structure limited the state's ability to make across-the-board changes. She added that Segel's recommendations focused on modernizing classification and pay plans in a manner that was equitable and agile in response to changing workforce conditions.

Ms. Devaris advanced to slide 3 and explained that DOA issued a request for information (RFI) to move the initiative forward. She reported that the RFI was open from December 18, 2025, through February 2, 2026, to gather input from qualified vendors regarding timelines and costs associated with implementing structural changes to the state's classification and pay plans.

Representative Stapp asked if the state had paid for a study, received information from the study, and was now requesting another study to explain how to implement the prior study.

Ms. Devaris responded that DOA learned a great deal from the salary study and the resulting report. She explained that because the department was considering structural changes to the state's classification system, which would be a complicated project, it issued the RFI to obtain refined information to help create plans, scope costs, and identify potential implementation phases.

Representative Stapp asked when the study was expected to be completed and implemented.

Ms. Devaris clarified that as the RFI closed earlier that day, the department would receive information from qualified vendors to help create a plan or strategy for moving forward. She emphasized that it was not another salary study but rather information needed to scope a comprehensive project to revamp the classification system.

Representative Stapp acknowledged the distinction and asked when the process would be completed. He noted that the study had taken considerable time. He asked if the process was planned to be completed later in the current year, next year, or much later.

Ms. Devaris replied that it would take time to establish a plan and anticipated costs, and to coordinate with OMB and the governor's office to determine a timeline. She noted that nothing had been allocated in the proposed FY 27 budget and the planning process would likely take at least a year.

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Co-Chair Josephson asked how many iterations of reports Segel had provided to the department. He asked how many times the state returned to Segel and requested that adjustments be made to the report.

Ms. Devaris responded that she did not have the information.

Co-Chair Josephson asked whether Ms. Devaris knew if the state had ever asked Segel to change its report.

Ms. Devaris responded that since joining DOA in November of 2025, she had focused on the existing salary study report and had drafted the RFI early in her tenure to move the process forward. She reiterated that she did not know the requested historical information.

Co-Chair Josephson asked whether the report included any analysis of geographic differentials.

Ms. Devaris replied that the report did not. She explained that geographic differentials were a separate compensation element negotiated with the unions and were not included in the salary study.

Co-Chair Josephson asked if the state took the position that its communications with Segal were proprietary. He wondered whether the report had been influenced based on what was asked of Segal could be made public.

Ms. Devaris apologized and indicated she did not have the information.

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Representative Galvin understood that no changes would be made for FY 27. She asked if another update might be needed later in the year because the data would no longer apply to FY 28. She asked whether the data would remain applicable.

Ms. Devaris responded that the request for information was not intended to update salary data for job classes but rather to inform how the state might approach an overhaul of the pay and classification system. She indicated that there might be some refinement of data as changes were pursued, but she believed the 2025 salary study would remain useful.

Representative Galvin asked for more information about the cost of the updates. She asked if there would be any additional cost beyond the initial \$1 million.

Ms. Devaris replied that the RFI was only a request for information and had no associated cost.

Representative Galvin asked whether three-year-old salary data would be sufficiently current for a salary structure change that might not occur until FY 28.

Ms. Devaris responded that the salary study and the structural review were different efforts. She noted that the salary study provided benchmark comparisons to market, while future structural work would focus on classification changes. She added that the state used more current data when it implemented changes for specific job families, such as for the IT class study.

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Representative Bynum asked for clarification about Ms. Devaris' background. He asked if she was new to the division or if she had been promoted internally.

Ms. Devaris responded that she was new to state service and had recently retired from federal service after a 31-year career.

Representative Bynum noted there had been significant discussion about the salary study, including questions about when the legislature would see results and what information had been used. He asked whether there was an overall strategy for deploying the study and implementing the RFI, and what expectations the legislature should have moving forward.

Ms. Devaris responded that the salary study was among several high-priority efforts she was undertaking. She indicated there would be a collaborative approach to developing a strategy to pursue the study's results, should the state move forward with comprehensive changes to the classification plan and related pay scales. She noted that the planning would occur in partnership with OMB and the governor's office, would be reviewed by the legislature, and would involve the unions. She emphasized that the effort would be a comprehensive project.

Representative Bynum explained that he wanted to understand whether the division would develop and present an overall goal or strategy, or whether the administration had already established goals that the division was being directed to carry out.

Ms. Devaris responded that she would take the lead in reviewing the RFI results and developing a suite of potential options for next steps.

Representative Hannan noted that there had been significant tension and expectation surrounding the salary study. She asked if OMB had calculated the cost of implementing the benchmark jobs at both the fiftieth and sixty-fifth percentiles and whether those figures could be provided to the committee.

Ms. Devaris responded that she did not have the numbers available and would follow up.

Representative Hannan remarked that she found it shocking that the commissioner was not present for the meeting given the level of legislative interest in the salary study. She

reiterated her request for the information and noted the committee had spent a year seeking specificity on the study. She emphasized that the information would not bind the legislature to act, but it would help inform its decision-making. She hoped that the calculations in the study that cost the state \$1 million would illustrate the costs of implementing the study. She requested that the commissioner bring the information to the committee.

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Co-Chair Josephson expressed appreciation to Ms. Devaris for appearing before the committee. There had been concern about commissioners not making themselves available, which he had generally not found to be the case until the current day.

Representative Allard commented that transitioning from federal to state service was difficult. She asked whether the commissioner was currently in Juneau and why the commissioner had not appeared.

Ms. Devaris replied that she did not believe the commissioner was in town and she was unsure of the commissioner's travel plans. She explained that the commissioner had asked her to present because the department had interpreted the agenda item as a brief update and anticipated returning later for a more detailed discussion after reviewing the RFI results.

Representative Allard remarked that commissioners were generally present for similar meetings.

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Ms. Devaris continued to slide 4. She explained that while the broader statewide salary study effort was ongoing, the state was implementing the completed IT job class study. She noted that the IT study began in 2020 and its implementation represented the culmination of a multiyear effort to modernize state IT job classifications. She explained that the modernization was intended to support recruitment, retention, and career progression by aligning job architecture with current workforce needs. She reported that the first phase rollout was scheduled for April 13, 2026, and that the modernization affected more than 600 positions across all 15 state agencies.

Ms. Devaris added that, in addition to the IT job class modernization, nine job class studies were actively underway at the request of state agencies to address identified recruitment and retention issues. She explained that Administrative Order (AO) 343 was continuing to advance forward and would modernize hiring practices by redefining minimum qualifications for more than 350 job classes. The modernization included using competency-based standards rather than relying solely on degree requirements. She reported that 10 agencies were participating in the effort to strengthen recruitment.

Representative Galvin asked what the difference was between the reference to 600 positions in 15 agencies and the later reference to 10 participating agencies.

Ms. Devaris explained the two figures referred to different efforts. There were over 600 IT positions across 15 agencies that would be impacted by the IT job class study. She noted that the work to advance AO 343 involved competency-based minimum qualifications for jobs, which was broader and currently involved 10 agencies.

Co-Chair Josephson asked whether there was a simple way to explain the difference between the IT job class study and the nine "a la carte" studies. He asked if one was complete while nine were pending. He wondered if the other studies were operating on a different schedule than the larger Segel salary study that was awaiting implementation.

Ms. Devaris replied that staff in the classification program routinely received requests from agencies to conduct job class studies, typically due to slow recruitment or high turnover. She explained that the work was part of the ongoing maintenance of the state's classification plan, for which DOP and the personnel director were statutorily responsible. Comparatively, the Segel statewide salary study had been conducted on an entirely different scale as a benchmarking exercise to help the state understand potential systemwide improvements. She emphasized that the efforts were very different in scope and purpose.

Co-Chair Josephson asked whether the IT study should be interpreted as reflecting that there was an urgency to recruit and retain IT employees.

Ms. Devaris responded that the issue predated her tenure but she understood that the state's IT job classes had become significantly outdated. She explained that some position descriptions no longer reflected current work, which had made recruitment and retention of IT professionals difficult. She noted that the IT study was much larger than typical classification studies, which usually examined five to ten positions, whereas the IT effort involved more than 600 positions.

Representative Hannan understood that the salary study compared similar job titles across markets, while a classification study evaluated whether the duties being performed matched the assigned job level. She asked Ms. Devaris to identify the nine job classification studies currently underway and whether they were concentrated in particular occupational areas.

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Ms. Devaris replied that the classification studies included park rangers, positions under the Alaska State Commission for Human Rights (ASCHR), community care licensing specialists, vocational rehabilitation specialists, public assistance field service workers, forest and fire management positions, emergency services dispatchers, and emergency services supervisors. The studies were recently updated to include forensic scientists and forensic lab managers. She noted that the job classes were highly specific across multiple departments.

Co-Chair Schrage asked whether there was any reason the state could not implement the salary study without conducting a classification study alongside it.

Ms. Devaris responded that the scope of the salary study had been to provide data on how base pay in Alaska compared to the external market. She clarified that the report had never been intended to prescribe specific pay adjustments for individual job classes. She noted the study had used benchmark jobs to inform where the state generally stood in the market. She added that the purpose of issuing the request for information was to obtain more detailed implementation planning to determine appropriate next steps.

Co-Chair Schrage asked if it had ever been the intent to implement salary adjustments based solely on the salary study. He asked whether it had always been understood that classification work would also be necessary.

Ms. Devaris responded that she could not speak to the original intent because it predated her tenure. Based on her current review of the salary study results, she believed an additional step was necessary to develop a strategy or plan for how the state might proceed with changes to the classification plan.

Co-Chair Schrage remarked that the presence of new directors made implementation and fact-finding more challenging, although he appreciated their willingness to serve. He expressed concern that the legislature had funded a \$1 million salary study that now appeared dependent on further classification work that could take at least a year. He commented that vacancy rates remained high and that the state faced a "hollowed-out" workforce with uncompetitive salaries and no clear cost estimate for fixing the problem. He observed that the timeline appeared likely to extend into the next administration. He struggled with understanding how to address the workforce challenges.

[2:46:08 PM](#)

Ms. Devaris replied that the department was not proposing another salary study. She emphasized that the department believed the best path forward was to consider structural changes to the classification system because it was extremely complex. She explained that the structural improvements would make it easier to address compensation issues in the future. She added that the department was still addressing urgent issues through targeted job class studies in areas experiencing recruitment problems, high turnover, or misalignment between duties and classifications.

Representative Stapp commented he had always wondered about the meaning of the phrase "Byzantine bureaucracy" and felt the discussion had illustrated it. He noted the issue had been ongoing for a long time and he did not recall any previous indication that a classification study would be required. He thought the situation felt like being stuck in a "bureaucratic malaise" and he was irritated by it. He

asked if Ms. Devaris had any suggestions for how DOA might avoid a bureaucratic system that delayed desired results.

Ms. Devaris responded that the salary study had been one of the key topics raised during her interview with the department. She explained that she had conducted research to understand what had been occurring, what the state's system looked like, and what changes were being considered. She expressed that she was excited about the work ahead. She believed improvements could be made and she was eager to review the RFI responses once the solicitation closed. She added that working on the project had been one of the reasons she accepted the position.

Representative Stapp remarked that Ms. Devaris had made him feel better already.

Representative Galvin asked what the cost was of the IT classification study.

Ms. Bingham responded that the IT classification implementation totaled approximately \$2 million. She clarified that OMB had elected to implement the IT classification changes across all agencies and that the department would need to follow up with OMB regarding the total statewide cost.

Representative Galvin remarked that she believed the statewide figure was higher, possibly around \$9 million. She remained concerned about high vacancy rates and the state's ability to deliver services. She noted that there were recurring challenges with administering the Supplemental Nutrition Assistance Program (SNAP) due to staffing shortages. She expressed frustration with delays and the pace of implementation. She agreed with Representative Stapp's comments about bureaucracy. She questioned why the RFI had been issued in November rather than June so that it could be implemented in the budget. She asserted that the process needed to be quicker and she encouraged the department to think about the timing. She commented that she had just read that the IT class study implementation was \$7.66 million.

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Representative Bynum asked for clarification on the cost of the study.

Representative Galvin responded that the cost was \$7.66 million.

Ms. Bingham agreed that the implementation cost of the IT classification study across all agencies was \$7.66 million. She explained that DOA would receive \$2.2 million of that total. She clarified that the job classification work referenced by Ms. Devaris was not being conducted to pick apart or redo the salary study. She explained that job class studies were routine maintenance performed on an ongoing basis when specific service areas showed recruitment or retention issues. She noted that the work had existed prior to the statewide salary study. She added that the IT job class study had been needed for years and had been underway well before the completion of the salary study.

Ms. Bingham continued that the statewide salary study provided a higher level comparison of state pay relative to national markets, while job class studies examined specific occupational areas to allow DOP to address recruitment and retention issues in targeted job classes. She emphasized that the two efforts were separate bodies of work and that the job class studies were part of routine maintenance rather than work conducted in conjunction with the salary study.

Representative Bynum indicated he had misunderstood and that the full implementation figure now made more sense. He noted he was new to his position as well and had been in the position just over a year. He relayed that legislators consistently heard that statewide vacancies were impeding the state's ability to execute services for Alaskans. He noted that one of the legislature's core responsibilities was appropriating funds so the state could carry out its duties. He was concerned that agencies continued to report challenges tied to staffing shortages and competitive compensation, and he noted that the statewide salary report had taken a long time for the legislature to receive.

Representative Bynum asked whether any actions in the salary study were being executed already or whether the state was still waiting. He acknowledged the question might be difficult to answer. He was frustrated because his constituents were not receiving services they were supposed to receive despite the legislature appropriating funds for

the services. He asked whether the study had been implemented and if personnel shortages and pay competitiveness were the primary barriers.

Ms. Devaris replied that she was not certain how best to address the question. She explained that the division was working to develop a plan to implement the results of the salary study and emphasized that the effort would be complex and would take time. She noted that the state continued to use other mechanisms to address specific job classes with recruitment or retention challenges, including competency-based minimum qualifications to reduce hiring barriers. She added that vacancies could stem from multiple factors, including compensation, the nature of the work, or recruitment barriers. The department was approaching the issue from several angles.

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Representative Bynum expressed appreciation for the response and acknowledged that Ms. Devaris was new to the role. He conveyed frustration that agencies continued to report under-execution due to staffing shortages and noncompetitive wages. He remarked that auditors had raised similar concerns the previous year and he anticipated the committee might hear similar comments again. He emphasized that the legislature faced an ongoing challenge in ensuring the state delivered services to Alaskans.

Ms. Devaris continued to slide 5 and summarized the next steps. She explained that DOP would assess the RFI results once received to determine the viability of a large-scale project to update the state's classification plan. She added that the state would continue prioritizing targeted job class studies to address immediate maintenance needs within the current system while evaluating broader updates, and longer-term implementation plans would be developed based on the RFI findings.

Co-Chair Josephson remarked that the phrase "immediate maintenance needs" under the second bullet on the slide appeared to refer to urgent areas such as IT positions. He asked what would determine whether large-scale updates were viable.

Ms. Devaris explained that the state was statutorily required to maintain internal alignment under the State

Personnel Act, which established that fair and reasonable compensation would be provided under the principle of like pay for like work. She explained that when the department referred to prioritizing immediate maintenance needs for the current classification plan, it meant responding to agency requests for job class studies when agencies believed positions were out of alignment. She indicated that the division reviewed the requests and moved them forward. The statewide salary study operated at an entirely different scale and used a different approach by examining the system as a whole. She explained that the study was not necessarily about funding but about the scope of potentially updating the entire classification system or large portions of it versus continuing the current practice of addressing individual job classes or targeted occupational studies.

Co-Chair Josephson remarked that the nine job classes on slide 4 involved forensic scientists and forensic lab technicians. He understood that the salary studies for the aforementioned forensic positions had reportedly been completed two years earlier and resulted in range increases. He acknowledged that there might be a distinction between a technician and a scientist. He added that he had been told that the nine job class studies were previously published publicly, but a login was now required to view the information. He stated he did not know whether the information was accurate but suggested the department review the matter and remedy it if appropriate.

Co-Chair Josephson acknowledged that the presentation had not been easy. There was concern about inflation, out-migration, workforce churn, and competitiveness. He remarked that many believed the state remained an excellent place to work with strong staff, but state employment used to be even more competitive. He added that many believed the defined benefit approach under HB 78 would help address workforce challenges.

HB 263 was HEARD and HELD in committee for further consideration.

HB 265 was HEARD and HELD in committee for further consideration.

Co-Chair Josephson reviewed the meeting agenda for the following day.

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ADJOURNMENT

3:05:47 PM

The meeting was adjourned at 3:05 p.m.