

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

January 30, 2025

3:16 p.m.

MEMBERS PRESENT

Representative Ashley Carrick, Chair
Representative Andi Story, Vice Chair
Representative Rebecca Himschoot
Representative Ky Holland
Representative Sarah Vance
Representative Kevin McCabe
Representative Elexie Moore

MEMBERS ABSENT

All members present.

COMMITTEE CALENDAR

OVERVIEW: WAGE STUDY

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record.

WITNESS REGISTER

PAULA VRANA, Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Co-offered the wage study overview.

KATE SHEEHEN, Director
Division of Personnel and Labor Relations
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Co-offered the wage study overview.

HEIDI DRYGAS, Executive Director
Alaska State Employees Association
Juneau, Alaska

POSITION STATEMENT: Gave invited testimony regarding the wage study and its impact.

ACTION NARRATIVE

[3:16:44 PM](#)

CHAIR ASHLEY CARRICK called the House State Affairs Standing Committee meeting to order at 3:16 p.m. Representatives Story, Himschoot, Holland, McCabe, Moore, and Carrick were present at the call to order. Representative Vance arrived as the meeting was in progress.

Overview: Wage Study

[3:17:32 PM](#)

CHAIR CARRICK announced that the first order of business would be the wage study overview.

[3:18:49 PM](#)

PAULA VRANA, Commissioner, Department of Administration, co-offered an overview via PowerPoint [hard copy included in the committee file] of the current State of Alaska Wage Study. She described that within the Department of Administration (DOA) is the Division of Personnel and Labor Relations, which provides policy, guidance, and direct human resource services for the executive branch. She said that part of this role is to support human resource strategies and help departments address workforce challenges. She stated that like all states and private sectors, recruitment and retention are an issue the state has faced in the last years. In response to these challenges, the 2023 legislature appropriated \$1 million for a statewide wage study conducted by Seagal. She said the purpose of this study is to gather data from employers and determine where Alaska's salary and pay structure are relative to other employers. She explained that the draft study initially had a deadline set for June 30, 2024, but significant and relevant factors had changed since the study commenced, including the passage of SB 259.

[3:21:13 PM](#)

The committee took a brief at-ease at 3:21 p.m.

[3:21:25 PM](#)

MS. VRANA continued the overview and elaborated about SB 259, and other factors that impacted the original study. She said it

was determined that by excluding these factors, it would result in data flaws and diminish the study's utility. As a result, the deadline was extended, and Segal was asked to factor in these adjustments to ensure the data is accurate. She explained that accurate information is imperative because recommendations from the study can substantially impact the state budget. She said that due diligence dictated that Segal go back to the drawing board. She noted that the final report will provide the foundation for a robust discussion about next steps and options for potential compensation adjustments. She explained that the study is set to be released at the end of March.

[3:23:17 PM](#)

KATE SHEEHEN, Director, Division of Personnel and Labor Relations, Department of Administration, co-offered an overview via PowerPoint of the current State of Alaska Wage Study. Beginning on Slide 3, she described the scope of the study and its details. She noted that they were looking at job classes and clarified the points of focus. She noted that the Division of Personnel was not equipped to complete a study of this scale, and this is what prompted the request to the legislature to finance a study.

[3:25:00 PM](#)

MS. VRANA responded to a series of committee questions. She remarked that performance concerns with the contractor are not a concern, and that Segal is working through the Request for Proposal (RFP) and operating under its guidance. She reiterated that the delay is a response to the changes such as the passage of SB 259. She responded that she does not believe that any additional legislative support would be needed for the study. She said that the peers mentioned on the overview referred to peer jurisdictions. She remarked that the contractor had challenges getting feedback from the jurisdictions and remarked that it will be a combination of doubling down on getting feedback and getting feedback from other jurisdictions to ensure study accuracy.

MS. SHEEHEN responded to a series of committee questions. She elaborated to why the governor asked for the study and noted that a couple previous studies had been conducted in both 2009 and 2013. These studies provided previous elaboration on Alaska pay and its comparisons, but position descriptions needed an update, and a new study would provide greater insight into the labor market. She noted that the 2009 benchmark study does not

account for necessary updates and while comparisons are similar, both studies have different RFPs. She said that Segal was asked to look at geographic differentials to account for different pay scales relative to the area. She explained that Segal was selected following the RFP submission and noted that Segal was not the only contractor that responded to the RFP, but the committee deemed them the most experienced and capable of doing the requested work.

[3:34:50 PM](#)

MS. SHEEHEN on Slide 4, described the anticipated timeline of the wage study report. She clarified the final report meaning and how it corresponds to final decision making.

[3:36:10 PM](#)

MS. SHEEHEN responded to a series of committee questions. She clarified that Segal uses certain data and puts reports together for joint review. She reiterated that the final report is not ready for practical utilization. She noted that once the original report was formulated, not enough data points were available to support a confident study and opined that the June 30 report was not accurate. She remarked that there was never an identified final date, and the study was a multi-year appropriation. Originally the contract with Segal ended June 30 but two contractual amendments had been made. She was unable to specify any deadlines pertaining to the Office of the Governor and Segal's work pace, as she was not in every meeting with Segal and would require more time to follow-up and respond. She affirmed that the contract was amended twice and clarified that the contract was for \$800,000 and the division had a \$200,000 budget surplus. She responded that she was not able to determine how Segal was going to receive feedback from employers that did not respond to study questions. She clarified that the new expected date for the new study report was the end of March and that it was not unusual for contracts to have extensions. She also noted that the division is constantly in a state of bargaining, and until an agreement is reached, the division continues to work with the information available.

[3:48:01 PM](#)

The committee took an at-ease from 3:48 p.m. to 3:49 p.m.

[3:49:49 PM](#)

CHAIR CARRICK clarified documents for committee members and how they pertained to the presentation.

[3:51:05 PM](#)

MS. SHEEHEN presented Slide 6 and the data updates. She provided clarification on the \$125,000,000 million costs associated with the study.

[3:52:15 PM](#)

MS. VRANA responded to a series of committee questions. She confirmed that much like the Department of Transportation (DOT&PF) and work delays, the study had complications that delayed the project. She acknowledged that Alaska has vacancy problems much like other states and there was a sense of urgency to complete the study. She responded that Segal is working expeditiously to complete it. She said that that Segal understands that the expectation is to deliver a completed study by the end of March. She also responded to skepticism regarding timelines and said that Segal is on track for a completion date. She was unable to provide the reasons for a contract redaction and would need to get back to committee members. Additionally, she was not able to clarify the \$80,000 payment for the 100 hours of work and would need more details to follow-up. She was unable to provide a response to when the study would be available for use.

MS. SHEEHEN answered a series of questions from committee members. She said that she would need to contact Segal whether an early delivery is possible. She also clarified that retention and recruiting bonuses were not included in the study because it would skew the data. She said that letters of agreement depend on group and are done every fiscal year, and including these numbers would skew the data. She stated that the division meets regularly with Segal, monitors what data points the division wants, and that Segal was told to be more aggressive getting information from employers. She remarked that currently the division is bargaining with seven unions and that collective bargaining agreements end June 30. An agreement with the union would be required for a roll-over. She said that it was possible that collective bargaining could pause but an issue is that a statute requires submissions by the sixtieth day of session. She reaffirmed that the letters of agreement have cancellation clauses and without vacancies those bonuses go away and are technically not part of the salary. She remarked that Alaska's vacancy rates are approximately 16.6 percent and out of

15 states studied, Alaska sits in the middle. She remarked that information regarding vacancy rates can be delivered to committee members and can provide elaboration on vacancies both before and after bonuses. She explained that letters of agreement are renewed every fiscal year and there are hundreds of letters. She remarked that working through them takes time and that letters of agreement are honored until they are denied.

[4:22:48 PM](#)

The committee took an at-ease from 4:22 p.m. to 4:32 p.m.

[4:34:26 PM](#)

HEIDI DRYGAS, Executive Director, Alaska State Employees Association (ASEA), gave invited testimony regarding the wage study and its impact. She discussed her work background and ASEA. She noted that in September 2024, ASEA requested the results of any salary study completed in the last six months. She noted that the state delayed response and finally denied the request in January 2025. She explained that recruitment and retention is ASEA's biggest challenge. She raised concerns about pay differentials between federal and state positions in comparable fields.

[4:36:58 PM](#)

The committee took an at-ease from 4:36 p.m. to 4:40 p.m.

[4:40:47 PM](#)

MS. DRYGAS continued her testimony and explained why the salary study matters to ASEA. She echoed Ms. Sheheen's statement that the economic terms of the collective bargaining unit are due on the sixtieth day of session and that the salary study is not helpful when unavailable. She noted that ASEA represents approximately 8,000 state employees. She raised concerns about redacted information in the study and noted that the public was interested in those details.

[4:43:30 PM](#)

MS. DRYGAS mentioned that there was an amendment for \$80,000 and 100 staff hours. She asked why it was taking so long to get the information and noted that Amendment 2 was signed in August 2024, and it was January 2025. She reiterated that bargaining units need the study information to inform their contracts. She

remarked that the public does not understand the delay and the details regarding the study are not transparent.

[4:45:39 PM](#)

MS. DRYGAS responded to a series of committee questions. She remarked that ASEA would be open to looking at a memorandum of understanding (MOU) but stressed that the legislature would need time to act. She explained that ASEA does not have the resources to conduct a salary study of this scale, and ASEA has advocated for a study to be complete. She said that ASEA looks at comparable factors, other jurisdictions, states, and municipalities for study. She noted that every union is different and ASEA does work to "cost out" proposals, but larger studies are not feasible. She clarified that collective bargaining agreements can't go more than three years, but they are not always three. She was unable to say how often wage studies are conducted but understood that the state was responsible for conducting a geographical study every five years. She opined that wage studies should be done more frequently to ensure competitive wages. She noted that the last salary study of this scale was not conducted since 2009 and was unable to say whether it had experienced delays. Regarding how the legislature framed the study, she opined that the legislature started off on the right path given their proposed deadlines but felt that an out-of-session meeting check-in may be effective. She said it will serve the state to have wage studies conducted regularly.

[5:00:49 PM](#)

MS. SHEEHEN responded to a series of questions from committee members. She stated that the division received a study draft in June but there is no draft for the final report. She stated that the draft is privileged information and inaccessible. She clarified that the Department of Law (DOL) is responsible for redacting emails. She explained that once the final study document is received, it will be posted on the DOA's website, and staff will be available to help decipher the study. She responded that she would need to get back to committee members following a conversation with Segal regarding incentives and letters of agreement. Additionally, she did not know whether completed sections of the study could be released early but would follow-up.

[5:08:45 PM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 5:09 p.m.