

SENATE FINANCE COMMITTEE
April 23, 2025
9:04 a.m.

9:04:36 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Mike Cronk
Senator James Kaufman
Senator Jesse Kiehl
Senator Kelly Merrick

MEMBERS ABSENT

None

ALSO PRESENT

Patrick Bracken, Senior Vice President, The Segal Group; Mike Verdoorn, Vice President, The Segal Group; Richard Ward, Senior Vice President and West region Public Sector Director, The Segal Group; Senator Cathy Giessel; Paula Vrana, Commissioner, Department of Administration; Camille Brill, Acting Director, Division of Personnel, Department of Administration.

SUMMARY

PRESENTATION: DEPARTMENT OF ADMINISTRATION - STATEWIDE SALARY STUDY

Co-Chair Stedman discussed the agenda. He noted that the discussion on the topic of the statewide salary study had started two years previously.

^PRESENTATION: DEPARTMENT OF ADMINISTRATION - STATEWIDE SALARY STUDY

[9:06:46 AM](#)

PATRICK BRACKEN, SENIOR VICE PRESIDENT, THE SEGAL GROUP, introduced himself.

MIKE VERDOORN, VICE PRESIDENT, THE SEGAL GROUP, introduced himself.

RICHARD WARD, SENIOR VICE PRESIDENT AND WEST REGION PUBLIC SECTOR DIRECTOR, THE SEGAL GROUP, introduced himself.

Co-Chair Stedman suggested Mr. Bracken provide a company profile and history of work in Alaska.

Mr. Bracken responded that the topics would be covered in the presentation.

[9:07:35 AM](#)

Mr. Bracken discussed a presentation entitled "State of Alaska - Statewide Salary Study" (copy on file). He showed slide 1, "Agenda":

- Study Overview
- Data Collection
- Methodologies
- Market Analysis Findings
- Recommendations

[9:08:03 AM](#)

Mr. Bracken looked at slide 2, "Study Overview - about Segal.":

National Consulting firm with **1,100+ employees**, celebrating over **80 years of serving clients**.

Mission-driven:

Providing trusted advice that improves lives.

Independent, objective, and **employee-owned**

Not any solution -

your solution; personalized advice and assistance

Mr. Bracken noted that his section worked solely with public sector organizations. He noted that the Segal Group was an employee-owned independent, and objective.

[9:09:02 AM](#)

Mr. Bracken spoke to slide 3, " Study Overview-Segal State of Alaska Experience,":

Compensation and Classification Assessment (2012)

Diagnostic review of the classification and compensation systems to provide recommendations for review and potential future initiatives.

AlaskaCare consultants and actuarie (2012-present)

Employee Plan and Retiree Plan
Technical and strategic support
Collective bargaining support
Expert witness testimony

Segal has an office in downtown Juneau since 2019.

Mr. Bracken discussed Segal's previous working relationship with the state.

[9:09:42 AM](#)

Mr. Bracken referenced slide 4, "Study Overview-Segal Experience,":

State of Delaware

- 16,200 employees covered by over 1,000 job classifications.
- 155 benchmark job titles and distributed the survey to 13 peer employers including Federal and State Governments, local governments (Delaware) and published data sources to represent the private sector.

State of Washington

Statewide Total Compensation Study

- 48,300 employees covered by over 1,500 job classifications.
- 198 benchmark job titles and distributed the survey to 48 peer employers.

Department of Corrections

- Conducted a total compensation study for 12 job classifications by distributing a custom survey to 7 peer employers.

Administrative Office of Hearings

- Ongoing total compensation study covering 5 benchmark classifications.
- Distributed custom survey to 26 peers.

State of Rhode Island

- Conducted a comprehensive review of the current personnel programs, practices, policies.
- Analysis of data and information related to recent changes to the State's pay and benefits.
- High-level review of the State's classification architecture and review of selected job series and class descriptions

Oregon State Legislature

- 500 employees covered by 150+ job titles.
- Developed a pay equity analysis framework.
- Developed methodology to collect prior related work experience.
- Conducted outlier analysis and advised on remediation options.

State of Maine

- Developed updated classification structure and job descriptions to reflect current functions and required classifications.
- 100 benchmark job titles assessed across 10 peer organizations and published survey sources representing private sector.

State of New Hampshire Department of Administrative Services

- 7 state police ranks and 100 job titles representing other state employee categories.
- Identified the most appropriate comparators, which included the other five county and city governments in New Hampshire.
- For private sector data, we used well-respected published sources of compensation and benefits data.

[9:10:34 AM](#)

Mr. Bracken turned to slide 5, " Project Roles and Governance Structure":

State Team

- Provides Segal with insights and advice related to State strategic goals.
- Confirms and endorses project approach.
- Provides feedback and guidance on key decisions.
- Acts as liaison to Segal for project coordination and execution

Segal Team

- Serves as compensation subject matter expert.
- Develops and manages the work plan and timeline.
- Responsible for collection, review, and analysis of all market data
- Collaborates with the State Project Team to complete comparative analysis and report findings.

[9:12:07 AM](#)

Mr. Bracken considered slide 6, " Study Overview - Purpose of the Study,":

The State of Alaska commissioned a Statewide Salary Study to evaluate how the State's pay plans compare to other public and private sector organizations.

The study began in 2024 and included **extensive data collection** from peer jurisdictions.

Segal's goal was to gather **high-quality, comprehensive salary data**, resulting in a dataset that exceeds industry standards for compensation analysis.

The comparison focused on how the **State's pay structures align with the 50th and 65th percentile of the market** - referred to as the "identified market competitive points."

Segal's analysis provides a robust basis for evaluating the State's ability to remain competitive in attracting and retaining talent, with all the data current as of January 1, 2025.

Co-Chair Stedman announced that Senator Olson had joined the meeting.

[9:13:44 AM](#)

Mr. Bracken displayed slide 7, " Study Overview - Scope of Study,":

This study provides a comprehensive assessment of the competitiveness of the State of Alaska's salary structures by analyzing 404 benchmark jobs, across various job families, occupational groups, and bargaining units. Key elements of the study scope include:

- **Market Comparison:** Evaluated State salary structures against public and private sector peers at both the 50th (market median) and 65th (market-leading) percentiles. This salary structure comparison does not analyze individual employee salaries.
- **Data Elements:** All base pay compensation and health insurance cost-sharing data effective as of January 1, 2025, and paid time off as of January 1, 2024.
 - 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, supplements, differentials, and pay supplements etc.
- **Purpose:** The report does not recommend pay levels or adjustments for employees, but equips State leadership with data-driven insights to:
 - Understand competitive pay gaps with market conditions
 - Compete effectively for skilled talent
 - Manage pay structures and related costs

This scope provides decision-makers with a clear, evidence-based foundation for future compensation planning. **The focus is on reviewing and analyzing the State's salary structures and does not include evaluation or compensation of individual employee salaries.**

9:16:41 AM

Senator Kiehl pondered The Segal Group's approach of using the published pay scale rather than looking at the actual compensation that included overtime, premiums, and other items. He reflected that the method was "clean" but questioned whether it was realistic.

Mr. Bracken replied that the reason Segal looked at base pay was that the experience of employees in terms of availability for overtime, pay supplements, or other pay related premiums varied dramatically within an organization. To create as much of an apples-to-apples comparison, he thought it was best to focus on elements that were not variable.

9:18:20 AM

Senator Kiehl appreciated Mr. Bracken's explanation and considered that employees considered how many hours they would work in addition to an hourly wage. He wondered if there was a way to consider any of the other factors such as overtime pay, bonuses, and differentials when considering how competitive the state was in the national market.

Mr. Bracken noted that there were compensation studies that attempted to consider those points. He thought that the scope of the study, which had looked at 400 plus benchmark jobs, would have been very challenging to provide that level of information.

9:19:47 AM

Co-Chair Stedman asked whether Letters of Agreement had been considered in the study.

Mr. Bracken replied that they had been provided base pay information from the state and had not considered the letters of agreement. He furthered that the group had relied on the state to provide pay range information for the benchmark classifications.

Co-Chair Stedman wondered about the pay ranges within the Department of Corrections, which has an average base pay of \$100,000 per year, up to \$300,00 and \$400,000. He asked how those values were handled.

Mr. Bracken explained that the values cited by Co-Chair Stedman were compensation levels that an employee received that included overtime and pay supplements. He reiterated that the study only considered base pay, and not experiential compensation events. He said that incorporating other state's compensation premiums would have proved too challenging for a study of this magnitude.

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Co-Chair Stedman relayed that when the committee had considered commissioning a study of this nature there had been concern that the base pay in some departments was too low, which had resulted in high turnover and retention issues. He continued that there was a significant number of letters of agreement, and distortions within the Department of Corrections that needed to be factored in when considering the adjustment of pay scales. He stressed that the work was to adjust the pay scales so that low pay at the entry level, and exorbitantly high pay at higher levels would be addressed so the state's budget could be sufficiently managed.

Mr. Bracken agreed to try and identify what the group was able to conclude upon when discussing compensation.

[9:23:51 AM](#)

Mr. Verdoorn relayed that he would discuss data collection efforts.

Mr. Verdoorn highlighted slide 8, " Data Collection - Benchmark Jobs,":

State identified 404 benchmark classifications from the 1,083 current classifications (Partially Exempt and Classified) for inclusion in the market study.

404 Benchmark Classifications
Representation of all occupational groups and levels throughout the organization

Highly populated jobs

Jobs found in most public sector organizations and private sector (as applicable)

Jobs with recruitment or retention issues

He noted that the group had done its own due diligence in looking at the benchmark jobs identified by the state. He shared that the group had agreed with the jobs identified and believed that they represented the 1,083, partially exempt, classified positions within the scope.

[9:25:36 AM](#)

Senator Kiehl thought Mr. Verdoorn had remarked that the 400 benchmark jobs were "highly populated." He cited the back pages of the report, which had listed some one-person job classes.

Mr. Verdoorn noted that highly populated jobs were one item that was identified as part of the study. He expanded that in a study of this size it was inevitable that a few single incumbent positions would be represented to ensure the representation of certain occupational areas.

Senator Kiehl requested further clarification as to how the job classes were chosen.

Mr. Verdoorn replied that various aspects and different distribution charts were employed to identify benchmark jobs. He noted that the study would end up finding some jobs that were single incumbent positions. He noted that the highly populated jobs most likely were a solid job that would be found in another public sector organization.

[9:28:09 AM](#)

Senator Kiehl asked whether there were any jobs in the study that currently had no employees.

Mr. Verdoorn did not recall finding a vacant class but offered to get back to the committee with more information.

Co-Chair Stedman asked the testifiers to address the Alaska Marine Highway System (AMHS) and the Masters, Mates, and Pilots (MMP) and whether they compared those groups with similar groups in Washington State.

Mr. Verdoorn noted that not all the peer organizations had the same jobs, but the State of Washington had similar marine type positions that were included in the survey.

[9:29:19 AM](#)

Mr. Verdoorn looked at slide 9, " Data Collection Custom Survey,":

State Governments
Public Sector (City, Borough, District, ect.)
Private Sector (Local and industry labor market)
Federal Government

Survey Participation Summary

Public Sector

Surveyed - 30
Completed Surveys - 11
Data Mined - 12
Total Responses - 23
Response Rate - 77 percent

Federal government

Surveyed - 1
Completed Surveys - 0
Data Mined - 1
Total Responses - 1
Response Rate - 100 percent

State governments

Surveyed - 14
Completed Surveys - 11
Data Mined - 3
Total Responses - 14
Response Rate - 100 percent

Private sector (see note)

Surveyed - 23
Completed Surveys - 4
Data Mined - 0
Total Responses - 4
Response Rate - 17 percent

Total

Surveyed - 68
Completed Surveys - 26
Data Mined - 16
Total Responses - 42
Response Rate - 62 percent

Note: Private sector organizations typically do not respond to custom survey due to anti-trust concerns or other data privacy restrictions. However, Segal included specific private sector employers in the custom survey process in an attempt to broaden the compensation data set. The low response rate of private sector employers to custom survey is not unexpected and why Segal bolsters the analysis with the published survey sources.

[9:29:49 AM](#)

Mr. Verdoorn addressed slide 10, " Data Collection - Published Survey Additional Data Sources,":

Segal utilized the following published survey sources to represent the public and private sector for the State's benchmark jobs:

Private Sector Sources

CompAnalyst (Salary.com)

CompAnalyst Market Data, a subscription database maintained by Salary.com, includes pay data from hundreds of professionally conducted employer-provided surveys. For this analysis, we used All Industries, Anchorage, AK base salary data.

Economic Research Institute (ERI)

ERI's Salary Assessor and Executive Assessor databases aggregate pay data from hundreds of published data sources for thousands of job titles. The data is updated quarterly and provides salary information for nearly any geographic area in the U.S. For this analysis, we used All Industries, Anchorage, AK base salary data.

PayFactors

PayFactors' Survey of Surveys is a compensation database that compiles pay data from published data sources and HR departments. PayFactors updates their data constantly and provides salary information for most geographic areas in the U.S. For this analysis, we used All Industries, Anchorage, AK base salary data.

Milliman Alaska Compensation Survey

Milliman publishes annual surveys gathering data on compensation and benefit trends in specific regions or industries and includes nonexempt, professional and management positions compiled from major employers within Anchorage, Fairbanks, Southeast, & Northern/Western Alaska. For this analysis, we used private sector and Anchorage, AK base salary data.

Mr. Verdoorn turned back to slide 9 and noted that the survey was represented on the fourth line of the table. He elaborated that there had been 23 surveys sent out to private sector firms and 4 firms had responded. He said that the other survey sources represented the private sector as a proxy. He noted that the 77 percent response rate exceeded expectations.

[9:32:22 AM](#)

Co-Chair Hoffman noted that Alaska was unique in its employment compared to other states and cited the many tribal corporations that had revenues of over a billion dollars. He noted that Alaksa Native Health Corporations also employed many Alaskans. He asked whether those employees were considered public or private.

Mr. Verdoorn relayed that he needed to consult with his colleagues and get back to the committee.

[9:33:42 AM](#)

Senator Kiehl asked how the group adjusted the broad national private sector data and some of the collected Alaska data. He thought the state was unique and had fewer governmental units. He used the example of the City and Borough of Juneau, which tried to keep up with the state on salary. He asked how to avoid having a circular reference in the data.

Mr. Verdoorn reflected on the robustness of the data set, and whether it was insular in comparison. He noted that other published survey sources had been cited including on the federal level. He thought with 68 participants it far exceeded a typical approach for a public sector survey. He relayed that following slides would discuss some adjustments that were used in the methodology.

[9:37:03 AM](#)

Mr. Verdoorn continued to address slide 10:

Public Sector Source

Segal Public Sector Compensation Database Represents recent Segal compensation studies conducted across the United States over the past two (2) years, salary base pay range data from public sector organizations representing 400+ organizations and 14,000 participant job match titles, geographically adjusted using a cost of labor factor to Anchorage, Alaska.

[9:37:56 AM](#)

Mr. Verdoorn advanced to slide 11, " Methodologies - Data Adjustments,":

Data Aging Factor

Annual Aging Factor:4.0 percent

Reflects trends from:

- National & Alaska labor markets
- All industries (Public Admin, Oil & Gas, Utilities)
- Actual salary & structure increases

Based on multiple sources:

- WorldatWork Salary Budget Survey
- Bureau of Labor Employment Cost Index
- NCASG & Milliman Surveys

Cost-of-Labor Adjustment Factor

All salary data were adjusted to reflect **Anchorage, AK** as the base labor market.

Adjustments used **Economic Research Institute (ERI)** cost-of-labor differentials for peer locations.

A **positive adjustment** indicates that the comparator location has a **lower cost of labor** than Anchorage.

Example: Colorado's cost of labor is lower - adjusted up by 109 percent to match Anchorage.

Workweek Adjustments

FLSA non-exempt positions adjusted to align with State's **37.5 or 40-hour workweek.**

Ensures consistent comparisons across employers with different standard hours.

FLSA Exempt (salaried) positions were not adjusted, as they typically work beyond standard hours.

[9:40:51 AM](#)

Mr. Verdoorn looked at slide 12, " Methodologies - Market Analysis Process," :

Job Matching Process

- Matches based on **overall comparability** to State benchmark job summaries.
- **100 percent matches are rare** due to differences in size and structure.
- Applied the **"75 percent rule"**: work and qualifications must be largely similar.
- Broad/narrow roles excluded if not a true match.

Data Sufficiency & Job Inclusion

- Segal followed **U.S. Department of Labor Safe Harbor Guidelines**
- Benchmark jobs needed **at least 5 peer matches** or a published survey match.
- Jobs not meeting this threshold were **excluded** from competitiveness analysis.
- **384 of 404** benchmark jobs met data sufficiency requirements.

Quality Control Methods

Job Matching & Survey Review:

- Peer outreach for validation
 - Review of peer job descriptions

Market Analysis:

- External Segal analytical staff performed thorough quality review of data, formulas, and analysis approach.

[9:43:41 AM](#)

Mr. Verdoorn showed slide 13, " Methodologies - Market Competitiveness," :

Market Competitiveness Corridor

- Segal's Competitiveness Corridor defines pay comparisons relative to identifies market competitive point.
- A **100 percent comparison** means the State is **equal to** the identified market competitive point (e.g., 50th or 65th percentile).
- **Competitive range** is defined as **95 percent to 105 percent** of the identified market competitive point.

Mr. Verdoorn said that future slides would have color coded identifiers for where job classes fell in the overall market.

[9:44:51 AM](#)

Senator Kiehl asked for assistance with data. He considered the bell curve and asked what the 95 percent and 100 percent represented.

Mr. Verdoorn used the example of a benchmark job with a salary range midpoint of \$50,000. If the state was currently paying \$49,000 for that same class, the sate would be within the 95 percent or 105 percent competitive range.

Senator Kiehl understood the distribution of the bell curve could cover both many, and few, job classifications.

Mr. Verdoorn replied in the affirmative.

[9:46:36 AM](#)

Mr. Verdoorn referenced slide 14, "Methodologies - Percentiles," and addressed percentiles in market data. He explained that in the 50th Percentile (Median), half of data points are above, half are below. For the 65th Percentile, the data points were higher than 65% of the market, lower than 35 percent. He noted that percentiles reflected position, not the percentage of difference (e.g., 65th ≠ 15percent above 50th).

Senator Kiehl asked if why the percentiles were the correct why it was a better choice to consider dollars rather than the labor market.

Mr. Verdoorn said that the idea of the 95 percent to 105 percent market corridor looked at the competitive point and was easily used across all jobs.

Senator Kiehl asked why the methodology was the standard.

[9:49:52 AM](#)

Mr. Bracken offered to provide additional context and went back to slide 13. He said that for the state to understand which jobs were in the competitive corridor, a bracket had been created. He said that oftentimes a 5 percent difference in paygrades was recommended when crafting a pay scale.

[9:51:35 AM](#)

Mr. Verdoorn turned to slide 15, " Methodologies - State Salary Range Assumptions/Usage/Points":

During discussions with the State, it was determined that the State's range minimum, midpoint, and maximum will represents the followings steps:

1. The Alaska State range minimum represents Step A, except for bargaining unit TA the state pay range minimum represents Lane 1, Step 1.
2. The Alaska State pay range midpoint represents Step F, except for the following bargaining units: Step E for bargaining unit SS, Step J for bargaining unit LL, and Lane 1, Step 3 for bargaining unit TA.
3. The Alaska State pay range maximum represents Step O, except for bargaining unit TA, where the state pay range maximum represents Lane 4, Step 1.

Senator Kiehl looked at the chart on slide 15 and observed that it looked as though 65 percent of the people on the chart were below the midpoint. He asked how the midpoint could have 65 percent of the jobs below it.

Mr. Verdoorn relayed that those were where individual employees were placed. In most instances, the formalized structure went from the minimum to the midpoint and then people progressed beyond that.

Senator Kiehl thought the point was an inflection point rather than a midpoint.

Mr. Verdoorn agreed that it could be interpreted as an inflection point and that the state did not have a true formalized midpoint.

[9:54:45 AM](#)

Mr. Bracken Mr. Verdoorn considered slide 16, "Market Analysis Findings - Overall Salary Structure Comparison." He explained that the table was a high-level comparison across all benchmark jobs. The top left portion of the table showed the public sector custom survey, which signified that the data related to the survey that had been given to public sector employers. For comparison points the analysis was broken out to compare Alaska pay ranges to the public sector, the private sector, published data sources, and an overall combined basis.

Mr. Bracken repeated information regarding color coding that identified comparison points. The red showed below market, which was defined as less than 95 percent of the market competitive point. Figures in black were market competitive. Figures in blue were above market. He wanted to focus on the last row, which showed overall combined pay range minimums, midpoint, and maximums had all been marked competitive. However, when compared to the 65th percentile, they were below market.

Mr. Bracken highlighted there was variability at the benchmark level and at other grouping levels, but when considering all the data collected there were the findings.

[9:57:54 AM](#)

Mr. Bracken displayed slide 17, " Market Analysis Findings - Overall Salary Structure Comparisons," which showed more detail of the comparisons, the 50th percentile at the top and the 65th percentile at the bottom. He relayed that the Segal Group has concluded that the minimum comparison of the salary structure showed that 72 percent of employees in benchmark jobs were at, or above market compared to the 50th percentile market competitive point. He furthered that 57 percent of employees were in benchmark jobs that were at, or above market compared to the 65th percentile of the market data.

[9:59:07 AM](#)

Mr. Bracken highlighted slide 18, " Recommendations":

Establish a Compensation Philosophy: Develop a guiding strategy for compensation Align principles across job families and bargaining units.

Redesign Salary Structures: Group by occupational families Define min, midpoint, and max for each range Ensure consistent range spreads and midpoint differentials Align ranges to market benchmarks and pay progression.

Improve Salary Structure Administration: Streamline through occupational-based frameworks Reflect supervisory differentials and incentive pay best practices.

Implement Structure Maintenance: Conduct market studies every 3 years Match jobs based on duties, not titles Define labor markets by occupational group.

Modernize Classification Structure: Introduce internal job evaluation methodology Review and streamline job classes Schedule regular updates to maintain relevance.

[10:03:17 AM](#)

Senator Kaufman was curious about compensation philosophy and asked whether Mr. Bracken knew of any examples of key elements of compensation philosophies. He wondered whether the public sector should seek to be the premier employer at the expense of the private sector.

Mr. Bracken relayed that there were a variety of frameworks for compensation philosophies. What the group had found was that the employee value proposition included compensation, benefits, pay transparency, pay communication, organizational infinity, and mission drive. When working with clients to develop compensation philosophies the construction of how those components were defined is unique to the organization. He offered that the State of Washington had a market leading compensation philosophy.

[10:06:31 AM](#)

Senator Kiehl understood that at the low end of the pay scale for state employees the pay was comparable to the private sector and was made more attractive by the value of the health insurance. He wondered whether this was still the case.

[10:07:57 AM](#)

Mr. Ward referenced page 36 of the document "Statewide Salary Study Report" (copy on file). The page summarized the value of health benefits for the employee plan in Alaska Care compared to other state and private entities. He shared that the state benefits were comparable to other public sector entities, which included states, local governments, and school districts nationwide. He noted that the state net benefits were greater than that of the private sector. He noted that like the compensation data the health benefits data was adjusted for geography and for timing of data collection.

Senator Kiehl asked how often the \$3,000 delta between the state and the average private sector lower positions was considered.

[10:10:37 AM](#)

Mr. Bracken considered the combination of health information and the pay information and thought consideration of the state's provision of two market identified points for comparison, it was important for the state to consider the relevancy of those points before thinking about how to contextualize the construct of those market identified reference points.

[10:11:35 AM](#)

Co-Chair Hoffman recognized that there were representatives from the Department of Administration available for questions.

Senator Kiehl agreed with the Segal Group recommendations to modernize the classification system. He queried the holistic benefit to the state of modernizing the system.

Mr. Bracken thought it was accurate to portray the overhaul of the classification structure as a monumental effort. He pondered that the benefits of a rewrite were many,

beginning with clarity in the equity of how paygrades were determined. He thought that when job functions were clearly defined and mapped to the salary structure, reclassification requests would reflect work more accurately and be more easily administered. Additionally, at a high level an improved classification structure helped with the attracting of the right individual for the roles being advertised.

[10:14:44 AM](#)

Co-Chair Stedman thought that much of the meeting had been spent discussing how the study was created but very little time on the substance of the report. He requested that the report appendix be submitted in Excel form so that members could identify weak areas and scrutinized the data. He noted that the slides had not offered any detail about what was in the study. He asked for detail concerning the low and high points in state salary ranges.

Mr. Bracken noted that the report had more detailed information at the benchmark job level. He thought it might be difficult for the viewing public to see the information. The study showed different breakdowns of benchmark job comparisons by occupational group.

Co-Chair Stedman asked Mr. Bracken to paraphrase some of the data for the public.

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Mr. Bracken identified that when some comparisons were broken down there had been 12 state defined occupational groups. He used the example of four occupational groups that were consistently below market: executive and senior administrators, education and information libraries and museums, and biological sciences and physical sciences and engineering. Conversely, police, firefighters, corrections, and craftwork and labor were consistently at or above market.

Co-Chair Stedman asked for help with lower-level employees dealing with health and human services.

Mr. Bracken believed that the group would have to get back to the committee with a more detailed breakdown of the group.

Co-Chair Stedman queried whether and committee members had areas they would like specifically reviewed.

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Senator Kiehl wanted to understand the attorney's group and wondered whether the positions had been compared to private sector billable hours or a hypothetical 40-hour work week.

Co-Chair Stedman relayed that anything to do with corrections would be helpful.

10:20:06 AM

Senator Cronk asked whether geographical differences were considered in any part of the study.

Mr. Bracken replied that all the data was adjusted to geographically reflect Anchorage as the location.

Co-Chair Stedman thanked the presenters.

Co-Chair Stedman thought there were concerns with agency pay scales. He questioned the administration's next steps in the matter.

10:22:07 AM

PAULA VRANA, COMMISSIONER, DEPARTMENT OF ADMINISTRATION, relayed that the next steps for the administration was to develop a project plan to modernize and streamline the classification system. The department would review by job family to consider whether a salary adjustment was warranted, beginning with job families that include benchmark jobs 10 percent or more below market.

10:22:58 AM

CAMILLE BRILL, ACTING DIRECTOR, DIVISION OF PERSONNEL, DEPARTMENT OF ADMINISTRATION, expressed excitement for the next steps. She said that she was looking forward to modernizing the classification system to effect transformational change in recruitment and retention. He noted an administrative order recently issued that required skills-based hiring. She said that the Segal report would be studied in detail. She noted that four class studies experts would be reviewing the recommendations. She said

that they would begin by looking at the job classed that were 10 percent under market, which was 37 percent of jobs.

[10:25:25 AM](#)

Co-Chair Hoffman thought high-end jobs should also be considered, and what actions the state was taking to scrutinize the salaries at the highest end.

Ms. Brill affirmed that the department wanted to begin to focus on extremes. She commented that the study was a robust data set but was not individualized. She emphasized that the state had 12 occupational groups, within those 12 groups were 72 job families, within those job families 183 job classes. Getting further into the details of the study will help to provide good data for good decision making.

[10:27:55 AM](#)

Co-Chair Hoffman asked how the study was affecting the job negotiations that were taking place. He mentioned expected possible substantial pay increases for certain groups.

Commissioner Vrana noted that the impact of collective bargaining would be considered and incorporated into the details of next steps. The study did not consider collective bargaining.

[10:29:07 AM](#)

Co-Chair Stedman agreed with Co-Chair Hoffman that the pay scale of the state was top heavy and light on the bottom. He noted that this discussion had been ongoing for decades. He asked about teacher salaries. He spoke of the constitutional obligation the state had to fund education and wondered how teacher salaries would be considered in the salary review.

Ms. Brill noted that the study focused on executive branch employees.

Co-Chair Stedman understood teachers were not executive branch employees but believed that at the end of the day all salaries conversations came back to the committee. He felt it was important to consider low salaries as a reason for abysmal teacher retention in the state.

10:31:41 AM

Co-Chair Hoffman relayed that there were teachers at Mount Edgecumbe High School (MEHS) and asked where those teachers fell on the pay scale.

Ms. Brill had not specifically looked at teacher salaries at MEHS. She said she planned to investigate those salaries.

Co-Chair Stedman believed that would be helpful data to examine. He asked whether the state planned to use 50 percent or 65 percent market point.

Commissioner Vrana relayed that the decision had not yet been made.

Co-Chair Stedman assumed that one of the percentages would be used.

Commissioner Vrana relayed that it was too early to say at this point which percentage would be used.

Co-Chair Stedman asked when the committee to expect detailed next steps.

Commissioner Vrana relayed that the department would be working diligently and hoped to get back to the committee with a status report the following session.

Co-Chair Stedman suggested that the operating budget might include language expecting a report by January 2026. He considered the matter would carry significant financial impact to the state.

10:33:57 AM

Senator Kaufman hoped for a job classification spreadsheet that was presented in a colorful and easily interpreted visual aid.

Co-Chair Stedman thought it was good to remember that the public needed to understand the significance of the impact. He emphasized that receipt of the report by January 2026 would be best and along with visual aids that would be easily interpreted by the public.

[10:35:30 AM](#)

Senator Cronk considered geographical differences and hoped that those differences would be considered in the administrations work.

Ms. Brill thought the last geographical differential study was done in 2008, before which was in 1995. She said that a new geographical study would require an appropriation.

Co-Chair Stedman said an appropriation could be requested through the budgetary process. He commented that it was difficult for the committee to put an appropriation and command the administration to do something.

[10:37:41 AM](#)

Senator Kiehl expressed confusion about whether Information Technology job classes were in the study. He referred to slide 17 and asked about the cost of implementation.

Commissioner Vrana relayed that the administration had a rough estimation of \$93 million at the 50th percentile. At the 65t percentile, the cost estimate was \$180 million.

Co-Chair Stedman noted that the cost would be ongoing. He thanked the commissioner for her testimony and looked forward to the data sets in Excel form.

Ms. Brill noted that all the data sets were included on the department's webpage.

Co-Chair Stedman discussed housekeeping.

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ADJOURNMENT

[10:41:37 AM](#)

The meeting was adjourned at 10:41 a.m.