

State of Alaska

2009 Salary Survey Report

EXECUTIVE SUMMARY

December, 2009

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PROJECT OBJECTIVES

The objectives of the study were to:

- Conduct a comprehensive salary survey which collects salary, health insurance, paid holiday and leave accrual data for similar employment positions with the federal government, other states, municipal government organizations, and private sector employers that can be considered matching positions to the positions in the state's comparison pool.
- Conduct an analysis of all of the state's job classifications presented as benchmark positions to ensure the comparison pool will result in data on an adequate number of job classes in the state's Occupational Groups and Job Classification families. If the contractor determines that job classifications should be added to, or subtracted from, the comparison pool, the contractor shall provide recommendations to the state that will result in an accurate analysis that can be used by DOPLR to determine that state's true position in regards to the starting salaries and benefits offered to state employees.
- Develop and implement methodologies that result in a comprehensive salary and benefit survey that accurately collects and illustrates not only the comparison factor for each job match, but also illustrates the high, low, and median range for each comparison factors for each matching position with the federal government, other states, municipal government organizations, and private sector employers.
- Ensure the data collected for each matching position from the federal government, other states, municipal government organizations, and private sector employers is reliable, valid, and defensible.
- Compare the results of the survey to the salary, health insurance, paid holiday, and leave accrual offered to State of Alaska employees.
- Produce a final report that is statistically reliable, valid, and defensible.

SALARY SURVEY DATA COLLECTION

Process:

- Fox Lawson & Associates (FLA) met with individuals of the State's Personnel and Labor Relations Division (State) to review and discuss many items relating to the survey as well as the current compensation philosophy and pay system. Items discussed and identified in this discussion included:
 - Definition of the labor market(s)
 - The specific pay and benefits questions to include in the data collection form (survey instrument)
 - The use and application of geographic (cost of labor) differentials (which is different from the recent cost of living differentials study the State conducted)
 - The calculation of varying statistics (mean, median, percentiles, etc.) for the survey analysis
 - Survey schedule
- FLA conducted a thorough review and analysis of the State's comparison pool. Upon further discussion with the State, the list of benchmark jobs to include in the survey was finalized, and 179 benchmark jobs were agreed upon as benchmarks to include in the survey.
- The benchmark jobs were specified by their corresponding labor market, as different jobs have different recruiting markets. The local market and the states included all benchmark jobs (as they were applicable to each industry within the local market). Those organizations outside of Alaska were considered an expanded market and included professional/management level jobs as well as any specialized or industry-specific jobs.
- FLA worked with the State in identifying eighty (80) organizations from which to collect salary and benefits information. These organizations represented the federal government, other states, municipal governments, healthcare organizations, universities (both local and out of state), school districts, utilities, native corporations, engineering firms, airports and ferry systems.
- When determining organizations to include in the survey, major considerations were size, geographic location, and industry. For example, states were selected based on a combination of geographic location and similar sized per capita income, airports were selected based on similar number of enplanements, the out of state counties and universities were selected based on the largest entities in the same states that were selected, and ferry systems were selected based on those that operate vessels much like the Alaska Marine Highway System.

SALARY SURVEY DATA COLLECTION

Process (continued):

- Published sources were also utilized to supplement the custom survey and to provide a representation of the private sector market. All published sources were discussed and approved by the State prior to using them. Our firm requires the following criteria be met by the published source:
 - The survey is conducted by a reputable salary survey firm
 - The survey data is not self reported
 - The survey is conducted on a continual basis instead of a one-time event
 - The survey reports its data sources, the effective date of the data, and was tested to ensure accurate matches and data
- All data referenced from these published sources represent the Anchorage geographic market. All data were aged to be effective for 9/1/09, consistent with the market data. We did not use any data that were older than 18 months from the date of this study.
- A customized data collection survey instrument was developed to collect benefits data and pay data on each of the benchmark classifications. The questions in the survey were posed in a fashion that were easy for participants to answer, as well as being easy to quantify and analyze. Job summaries were also included in the survey instrument to assist participants in matching their jobs to the State's benchmark jobs.
- Once the survey was distributed to all of the organizations, a series of follow-up calls were made throughout the course of the survey to the organizations to encourage participation, answer questions, and ensure data quality.
- FLA reviewed and entered the data collected from participants. We followed-up with participants to ensure the accuracy of benchmark matches and to ensure the validity of the salary data reported. If there are any questions in data matching, we reference job descriptions, organizational charts and other information to verify that the match is valid.
- FLA performed several reviews of the data to identify any extreme data and to ensure validity and reliability of the data. The following list of items were reviewed to ensure data accuracy: the range of salaries reported for each benchmark job (any abnormally high or low), extreme range spreads, relationship of minimums and maximums and steps in-between (i.e., minimums not higher than maximums), and relationship of progression in levels (i.e., a level II job should have a higher salary than a level I job), and similar consistency checks.

SALARY SURVEY DATA COLLECTION

Process (continued):

- Federal rates were adjusted to account for the 23% Alaska COLA.
- Because geographic markets are not only different across the nation but also within specific labor markets, geographic differential factors were collected by referencing the Economic Research Institute's Geographic Difference Reference Report. This geographic differential figure reflects wage and salary (cost of labor) differentials by each geographic location.
- In discussions with the State, it was determined that Anchorage would be considered the base City. Geographic differential figures were then collected for each organization, as well as for Anchorage, AK. All other areas are compared to the base (Anchorage). For example, if it is found that Olympia, WA (the City where the capital exists for the State of WA) has a geographic differential of 96.0 compared to Anchorage, this means that Olympia is 4% below the geographic market for Anchorage. Thus, the State of Washington's data were increased by 4% to equate to the Anchorage geographic market. This geographic differential differs from the recent cost of living differentials study the State conducted.
- Although data were sent to us in many different formats, all salary data were adjusted to reflect annual salaries based on 1,950 hours per year which is a 37.5 hour work-week (with the exception of some specific jobs that have a different base), to make consistent comparisons with the State of Alaska base hours, and were adjusted for the Anchorage geographic labor market. Thus, any anecdotal or contract information you may receive from other sources may not match the figures we are reporting.

SALARY SURVEY DATA COLLECTION

Process (continued):

- We follow the U.S. Department of Labor guidelines that states that 5 job matches should exist per job for drawing conclusions. Therefore, we did not calculate statistics on jobs with fewer than 5 job matches. Where published sources were included as a job match, the number of matches were irrelevant since many organizations are represented within each published source match.
- Varying percentiles of the market data were calculated for comparison purposes. The median, the 60th percentile, and the 65th percentile were calculated. The median represents the figure where 50% of the rates are below it, and 50% of the rates are above it, while the 60th percentile represents the figure where 60% of the rates are below and 40% of the rates are above, and the 65th percentile represents the figure where 65% of the rates are below, and 35% of the rates are above.
- Once the survey analysis and report was completed, it was submitted internally through our firm's quality control process for review before it was submitted to the State of Alaska.

SALARY SURVEY DATA COLLECTION

Results: Participation Rate

- We received data from 65 out of the 80 organizations, for an 81% participation rate. Each organization category (states, municipalities, etc.), is represented by at least 50% participation. Following is a breakout of participation by organization category.

	Number Received	Percent of Total
Municipalities	3	100%
United States Federal Government	1	100%
Healthcare Organizations/Hospitals	3	50%
Local Universities within the State	1	50%
School Districts	3	75%
Utilities	5	71%
Native Corporations	7	78%
Engineering Firms	3	50%
States	12	100%
Counties	10	100%
Universities in Other States	11	100%
Airports	4	67%
Ferry Systems	2	67%

SALARY SURVEY DATA COLLECTION

Results: Organizational Data

- The following table is a summary of the organizational information collected from each participant compared to the State. Data break-outs are shown for all organizations combined (labeled Market-All), States Only (labeled Market-States), and States only, but excluding California and Texas (labeled Market-States Only Excluding CA & TX). In this last break-out, California and Texas were excluded because, even though they are considered to be in Alaska's labor market definition, their figures were significantly different from all others in the same group and therefore, would have distorted the overall averages.

	<i>State of AK</i>	Market-All
Average number of customers served (population)	679,720	4,096,709
Average annual operating budget	\$6,574,796,300	\$4,530,059,847
Average number of full-time employees	15,088	17,226
Average number of job classifications	1,077	505

	Market-States Only	Market-States Only Excluding CA & TX
Average number of customers served (population)	7,240,313	2,138,987
Average annual operating budget	\$18,540,292,438	\$10,670,217,911
Average number of full-time employees	52,228	19,582
Average number of job classifications	1,166	828

SALARY SURVEY DATA COLLECTION

Results: Benefits Data

- The table below shows the various benefit categories and the relationship between the State and the market

Benefit Item	How the State of Alaska Compares to Market
Monthly employer premium cost for family medical, dental, and vision	Alaska provides less than the combined overall market but more than other states
Annual paid holidays, floating holidays	Alaska provides 1 more day offered/year
Annual paid leave (paid-time-off, vacation days, sick leave)	Alaska provides more days offered/year
Banking of unused leave	Varies, but comparable

SALARY SURVEY DATA COLLECTION

Results: Compensation Data

- In the market, range spreads average about 48% and most organizations cap their ranges at 10-20 years (steps).
- Market competitiveness is typically defined as:
 - Within +/- 5% of market is considered highly competitive
 - Within +/- 10% of market is considered competitive
 - Within +/- 10-15% of market suggests a possible misalignment with market
 - Greater than +/- 15% from market suggests a significant misalignment with market
- Current State salary range spreads average about 82% and the range maximum reflects the step after 30 years, with the exception of specific jobs that reflect 15 years (labor and trades jobs), 18 years (correctional officers) or 25 years (troopers and lieutenants, airport public safety, court services officer, deputy fire marshals, corrections superintendents, and probation officers).
- The table below shows the various percentiles of the market entry salaries that were calculated and the relationship between the State and the market.

Entry Salaries	How the State of Alaska Compares to Market
Median (50 th Percentile)	11.2% above market
60 th Percentile	7.2% above market
65 th Percentile	5.0% above market

FLA ASSESSMENT SUMMARY

In our evaluation of the compensation data, more emphasis was placed in comparing the entry rates to determine the extent of competitiveness with the market because the width of the ranges differed between the State and the market. This ensures that consistent and valid conclusions are being made about the compensation comparisons.

To conclude, the results of the benefits and salary comparisons show that, on an overall basis of all jobs combined, the State's benefits and entry salaries are competitive to highly competitive with the market.

In our assessment of these survey results, the State of Alaska is offering salaries and benefits that are within an appropriate competitive range in relation to other employers that are in direct competition for the employees required to deliver state services.