

May 6, 2009

Ms. Nicki Neal  
Director  
Division of Personnel and Labor Relations  
Department of Administration  
State of Alaska

Sent via email

Dear Ms. Neal:

The purpose of this letter is to describe differences between the draft *2008 Alaska Geographic Differential Study*, dated March 2009, and the final report, with a cover date of April 30, 2009. This letter focuses on substantive changes to the report, rather than minor editorial changes. For the final report we made the following changes:

- Presented an example of statistically-based geographic cost differential pools, where all sample blocks/communities were grouped into one of five pools. This analysis was summarized in the executive summary, with the details of the analysis added to Section VI (Statistical Analysis).
- Removed all references to cost of living in Washington, D.C.
- Added a page of narrative at the beginning of Section III, describing the sample block and community selection process.
- Added Homer to the list of communities examined and presented individually, in detail.
- Incorporated the results of a minor SPSS programming correction. The correction resulted in generally minor changes to sample block differentials, with the exception of the Aleutians sample block, which decreased from 1.61 to 1.50.

Please call if you have any additional questions.

Sincerely,



Jim Calvin  
McDowell Group Principal