

The Trump Administration's One Big Beautiful Bill Act Will Drive Up Costs in Alaska

Trump's policies are increasing the costs of basic needs such as health care, food, and utilities for people living in Alaska.

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On July 4, 2025, President Donald Trump signed congressional Republicans' [One Big Beautiful Bill Act](#) (OBBBA) into law—enacting the [largest-ever](#) cuts to basic needs programs that support vulnerable Americans in order to fund tax breaks that [primarily benefit](#) the ultrawealthy. On top of the economic uncertainty and rising prices caused by Trump's regressive [economic](#) and [trade](#) policies, here are some ways the Trump administration will further raise costs for people in Alaska.¹

How does the OBBBA affect Medicaid and the cost of health care?

- **More expensive health insurance:** The OBBBA fails to extend enhanced premium tax credits for Affordable Care Act (ACA) marketplace health plans, meaning that more than [22 million people nationwide](#) will likely face significant premium cost increases next year if they choose to stay on their current plan. For example, a 55-year-old earning nearly \$63,000 per year in Alaska will see their annual premium costs increase by at least \$13,800 on average.²
- **Cuts to Medicaid and loss of health insurance coverage:** The OBBBA will slash federal Medicaid spending by approximately [\\$1 trillion](#) over the next decade, with the [largest reductions](#) stemming from coverage losses due to Medicaid work reporting requirements. The legislation will contribute to the [loss of health insurance coverage](#) for approximately 15 million people in the United States because of Medicaid cuts and [ACA marketplace changes](#) over the [next decade](#), meaning increased [out-of-pocket health care costs for families](#).
- **Increase in uncompensated care costs:** Coverage losses will also compound [uncompensated health care costs](#) for hospitals and other health care providers in Alaska by tens of millions of dollars over the next decade. The OBBBA's Medicaid cuts will accelerate this crisis, worsening the financial viability of essential providers.

How does the OBBBA increase food costs for lower-income families?

- **Cuts to food assistance and higher grocery costs:** The OBBBA enacted the largest cut to the [Supplemental Nutrition Assistance Program](#) (SNAP) in history and added more red tape for beneficiaries by enacting harsher [paperwork requirements](#) upon receipt of federal guidance in 2025. This puts 5,000 people in Alaska at [risk](#) of losing some of their [SNAP benefits](#), including parents with children ages 14 and older, older workers, veterans, those experiencing homelessness, and youth aging out of foster care.³ This [elevates hunger](#) and raises costs of groceries for millions of people at a time when food prices are rising due to Trump's [tariffs](#), which will strain families' budgets. The costs of [grocery items](#) including bananas and coffee have already risen by more than 5 percent since the start of the year.
- **Increased economic risk for SNAP retailers:** SNAP cuts will have devastating impacts on local economies. For instance, 124 [grocery stores and other SNAP retailers](#) in Alaska will face increased risk of financial instability due to decreased business from SNAP recipients.
- **Job losses and state and local revenue declines:** Medicaid and SNAP cuts will cause the loss of an estimated 2,400 [jobs](#) in Alaska in 2029. Alaska's state and local governments will also lose an estimated \$15 million in [tax revenue](#), squeezing public budgets for vital services such as education and social services.
- **Increase in state expenditures:** The OBBBA will make most states responsible for paying a portion of SNAP benefit costs for the first time starting as soon as fiscal year 2028. The most recent error rate for Alaska is 24.66 percent.⁴ If the error rate is 10 percent or above, the [cost share](#) for Alaska would equal an estimated \$37 million.⁵ Additionally, the portion of [administrative costs](#) that Alaska will be required to pay for SNAP will increase by about \$6.5 million starting in FY 2027.⁶

How does the OBBBA increase energy costs?

- **Higher household electricity costs:** The OBBBA terminates federal [clean energy investments](#) that boost the supply of American-made energy. This national electricity rate hike will increase [electricity costs](#) by an average of \$120 per year starting in 2026.
- **Increased costs for energy-efficient home improvements:** The OBBBA terminates the [Energy Efficient Home Improvement Credit](#) at the end of 2025, which means families making energy efficient improvements will pay \$2,000 more to replace a heating, ventilation, and air conditioning unit or \$1,200 more for upgrades to windows and insulation in their homes next year.

How does the OBBBA increase borrowing costs?

- **More expensive student loan payments:** The OBBBA limits [repayment plan options](#) for new student loan borrowers starting in 2026 and for current student loan borrowers beginning in 2028—forcing new and existing borrowers on income-driven repayment plans in Alaska to pay an average of \$280 and up to \$430 more per month, respectively, in student loan payments relative to the previous, more affordable Saving on a Valuable Education (SAVE) plan.⁷
- **Higher mortgage costs:** For future Alaska homebuyers, the OBBBA will increase interest on a mortgage for the median single-family home by an average of \$440 annually, or approximately \$13,340 over a typical 30-year loan in 2030.⁸
- **Increased costs for small-business loans:** Small-business loan borrowers in Alaska can expect an increase in costs for a fixed-rate loan by an average of \$460 annually in 2030, equivalent to approximately \$5,000 over the length of an average fixed-rate loan.⁹

Endnotes

- 1 All per-household cost estimates in this fact sheet have been rounded to the nearest tenth and adjusted for inflation and are presented in 2025 dollars.
- 2 CAP calculations use updated estimates of benchmark premium reductions for 2034 from the Congressional Budget Office and are based on methodology from Andrés Argüello and Andrea Ducas, "Older Adults With ACA Coverage Would Face Steep Premium Hikes Under House Republicans' One Big Beautiful Bill Act," Center for American Progress, June 26, 2025, available at <https://www.americanprogress.org/article/older-adults-with-aca-coverage-would-face-steep-premium-hikes-under-house-republicans-one-big-beautiful-bill-act/>. Per the Congressional Budget Office, CAP assumes benchmark premiums in the Affordable Care Act marketplace decline by 0.6 percent in 2034.
- 3 Alaska will have additional flexibility that allows them to request work requirement exemptions until December 31, 2028.
- 4 "Error rate" refers to the performance measure of states' eligibility and benefit determinations for SNAP recipients. States with the highest error rates have the option to temporarily delay the implementation of the cost-sharing requirement.
- 5 Projected benefit costs are presented in 2028 dollars.
- 6 Projected administrative costs are presented in 2023 dollars.
- 7 Calculations are based on the median income of bachelor's degree earners over age 25 in each state. The calculations assume a family size of one and use a projected federal poverty level for 2028, the year the new repayment plans will go into effect. They also assume that a borrower took out loans before 2014 and therefore is subject to the version of income-based repayment (IBR) that requires 15 percent of a borrower's discretionary income. Borrowers whose loans were issued after 2014 will be subject to a lower, 10 percent share of their discretionary income under IBR. Center for American Progress calculations are based on U.S. Census Bureau, "Median Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars) by Sex by Educational Attainment for the Population 25 Years and Over," available at <https://data.census.gov/table/ACSDT1Y2023.B20004?q=earnings+by+education+and+state> (last accessed July 2025). For additional information on repayment plan calculations, see Sarah Sattelmeyer, "The House Reconciliation Bill: Leaving No Loan Unturned," New America, May 7, 2025, available at <https://www.newamerica.org/education-policy/edcentral/the-house-reconciliation-bill-leaving-no-loan-unturned/>. These estimates were adjusted for inflation using the Consumer Price Index for All Urban Consumers (CPI-U) to present findings in 2025 dollars.
- 8 CAP calculations are based on mortgage data from the Federal Housing Finance Agency Public Use Database, "Federal Home Loan Bank System," available at <https://www.fhfa.gov/data/pudb> (last accessed July 2025). State-level estimates for average interest rates and mortgage balances were derived from mortgages purchased by Federal Home Loan Banks and reported to the Federal Housing Finance Agency in 2023 only and were adjusted for inflation using the CPI-U. A 14-basis-point increase to mortgage rates was applied based on the Congressional Budget Office's projected increase in the primary deficit under the OBBBA, as well as the Congressional Budget Office's estimated relationship between debt and long-term interest rates.
- 9 CAP calculations are based on U.S. Small Business Administration, "FOIA - 7(a) (FY2020-Present) as of 250331.csv," available at https://data.sba.gov/dataset/7-a-504-foia/resource/d67d3ccb-2002-4134-a288-481b51cd3479?inner_span=True (last accessed July 2025). This data was used to obtain state-level averages for interest rates, loan terms, and loan values to determine the additional interest for a typical small-business fixed-rate loan. Loan values are gross approvals, and 2023 loan values were adjusted for inflation using the CPI-U. A similar 14-basis-point increase to mortgage rates was applied based on the Congressional Budget Office's projected increase in the primary deficit under the OBBBA, as well as the Congressional Budget Office's estimated relationship between debt and long-term interest rates.