



Report shows far more Alaskans are struggling financially than federal data suggests

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Key takeaways:

- A new report from the United Way of Anchorage reveals that 37% of households in Alaska cannot afford the state's cost of living, according to the ALICE standards.
- The ALICE methodology, which stands for "Asset Limited, Income Constrained, Employed," provides a more accurate depiction of financial hardship faced by Alaskans compared to traditional federal poverty metrics.
- The report highlights the growing financial struggles of working families in Alaska, with many unable to afford basic needs like housing, childcare, and healthcare despite being employed full-time.

Sep. 28—A new report from Alaska-based organizations and researchers shows that a far greater share of the state's families and residents are financially struggling than official government statistics suggest.

The United Way of Anchorage released its "ALICE in Alaska" report Monday, with "ALICE" standing for "Asset Limited, Income Constrained, Employed." The term has grown popular in recent years with economists, policy analysts and advocates to describe the class of people working full time across a wide range of occupations — many of them blue-collar and in the service sector — who are unable to afford all of their basic needs.

"These are the folks that are earning money or have income coming in but are below the cost of basic goods. These are not luxuries, these are the costs of living in Alaska," said United Way of Anchorage President Eric Utraq Billingsley during a presentation on the report Monday sponsored by the Anchorage Chamber of Commerce. "It is the childcare worker watching your child as you're able to go to work ... the nursing assistant taking care of elders in our community."

Under the ALICE definitions, 37% of households in Alaska are not able to afford the state's cost of living. That includes roughly 24,000 Alaska households at or below federal poverty

levels, along with 77,466 additional households that make below minimum levels under the ALICE standards.

The use of ALICE as a rubric for assessing community and state-level financial health started close to two decades ago by a United Way chapter in New Jersey. Since then, it's caught on, drawing in a consortium of United Way groups, nonprofit organizations, corporations and foundations, according to a website dedicated to the project. Much of what the initiative has produced is state-level reports collecting robust data to show the extent of financial hardship faced by residents.

The United Way of Anchorage called the report "the most comprehensive depiction of financial need in the state to date," shining "a spotlight on the staggering number of hardworking Alaskans who work low-paying jobs, have little or no savings, and are one emergency away from crisis."

According to the report, a driving premise for the work is that the old ways of calculating economic disadvantage, chiefly the federal poverty level, is out of step with current realities. The metric, which dates back to the 1960s, "sharply underestimates both basic costs and the actual number of struggling households in the U.S.," states the 47-page report.

The critique is that the old poverty measures are primarily determined by increases in the consumer price index. This means it's picking up a lot of services and goods that cash-strapped families are not regularly buying, but also not factoring in major increases in the cost of core services like housing, childcare and healthcare.

Based on an analysis of median costs and expenses in Alaska, it takes a family of four with two children enrolled in childcare \$98,364 to pay for their basic needs. The federal poverty level for that same family is calculated at just \$39,000.

According to an example highlighted in the report, two adults in such a household earning full-time wages as a cook and bank teller would bring in \$86,591 in combined income a year. Under federal poverty metrics, they are doing fine financially and would not qualify for government assistance under major benefits programs. But according to the ALICE approach, with its expanded rubric for what counts as an essential cost in the modern economy, that family is making \$11,773 less than what it costs to survive, with no ability to save for emergencies, invest or plan for retirement.

"Life is really expensive right now," said Mike Jones, a professor of applied economics at the University of Alaska Anchorage's Institute of Social and Economic Research.

The ALICE methodology looks at local costs individuals and families pay for housing, childcare, food, transportation, healthcare, technology — like a monthly cellphone or internet bill — taxes and minor miscellanea that come with living a life.

Together, those components constitute what the researchers call a "survival budget," the cost to meet basic needs devoid of indulgences or frills.

"Not included are things that many families take for granted — eating out, children's birthday presents, new clothes, or updated appliances. And notably, this budget doesn't include savings needed to cover unexpected costs, invest, or put toward goals like education, homeownership, or retirement," the report states.

Jones said during remarks Monday: "At fair market prices, what would people have to pay to afford life?"

"The math just isn't working for them at the end of the month," Billingsley told the lunchtime crowd.

Under the ALICE definitions, Alaska's 37% rate is slightly below the national average of 41%, according to the report. And it is not spread evenly all over the state.

"The percentage of households below the ALICE Threshold ranged as high as 73% in the Kusilvak Census Area and as low as 20% in the Yakutat City and Borough, with 32% of households in the Municipality of Anchorage below the ALICE Threshold," according to the United Way of Anchorage.

Even within the Municipality of Anchorage, there's a wide range. According to maps and graphics on the website where the Alaska data is published, in the Anchorage ZIP code encompassing the downtown and Fairview neighborhoods, the percentage of households living below the ALICE threshold is 50%. On portions of the Hillside in South Anchorage, it is just 13%.

The data in the Alaska report captures economic trends from 2010 to 2024, the last year many of the numbers were available. They miss emerging economic precarity from recent federal actions like tariff policies, the energy crunch resulting from the Iran war, and large technology firms pushing American stock indexes to new heights.

According to the data in the new report, thousands more Alaska households have fallen below the ALICE threshold since 2010, the reason being that wage gains for most workers have not kept up with the cost increases for essential goods and services.

"The crux of the problem is a mismatch between earnings and the cost of basics," the report states.

The United Way of Anchorage and its partner organizations released the full report and body of data on Alaska online Monday, viewable at unitedforalice.org/county-reports/alaska. Billingsley said that having all the economic and demographic data compiled in one place is a major asset in itself, one that will help Alaskans start crafting better policy programs to address the problems.