

# Trust

Alaska Mental Health  
Trust Authority

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ANNUAL  
REPORT  
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2014



The goal of the Trust is to serve as a catalyst for change in Alaska's mental health continuum of care. The Trust funds projects and activities that promote long-term system change, including capacity building, demonstration projects, funding partnerships, rural-project technical assistance, and other activities that will improve the lives and circumstances of Trust beneficiaries. **We are the Trust.**



## Approximate number of Trust beneficiaries:

Mental illness — 22,000

Developmental disabilities — 13,000

Chronic alcoholism and other substance-related disorders — 20,000

Alzheimer's disease and related dementia — 5,000

Traumatic brain injury — 12,000



# Creating Change

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For nearly 20 years, the Alaska Mental Health Trust Authority has played a leadership role in advocating for and investing in our state's behavioral health system. The Trust occupies a unique place in our state government. While we are a state corporation, we operate much like a private foundation. Our funding helps support capital projects, start-up funds, partnerships, technical assistance, and much more.

A large share of the Trust's annual budget provides funding for the state's mental health program and funds projects and activities in five designated focus areas that address issues with significant impact on our beneficiaries. These focus areas allow us to strategically align our investments to make significant strides in affecting change and improving the lives of beneficiaries and their families. Our focus areas include:

- Disability justice
- Substance abuse prevention and treatment
- Beneficiary employment and engagement
- Workforce development
- Housing and long-term services and supports

Creating change, especially lasting change, requires collaboration and commitment. We are joined in our efforts by a host of partners. We depend on input regarding funding and policy recommendations from the governor-appointed advisory boards that serve as a link between the Trust and individual beneficiaries, their families, caregivers and legal guardians. We also rely on participation and collaboration from a number of state agencies, tribal entities, service providers, funding partners and stakeholders.

All of these efforts go hand-in-hand with prudent management of the Trust's cash and non-cash assets to ensure sufficient resources are available for the future. After further review of this report, you will see that we remain in a strong financial position. The Trust Land Office generated over \$12 million in revenue (principal and income) in fiscal year 2014 and the Trust's overall net position closed at over \$585 million, an increase of \$58 million over last year.

Trustees and staff take our mission seriously and are committed to continued collaborations with Governor Walker, the Legislature, and all our partners to improve the lives and circumstances of Trust beneficiaries.



*Mike Barton*  
**Mike Barton**  
*Chair, Board of Trustees*



*Jeff Jessee*  
**Jeff Jessee**  
*Chief Executive Officer*

# About the Trust

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During Alaska's transition to statehood, Congress passed the Alaska Mental Health Enabling Act of 1956 transferring responsibility for providing mental health services from the federal government to the State of Alaska. The act established the Alaska Mental Health Trust as a perpetual trust and granted Alaska one million acres of land that would be managed to generate income for a comprehensive integrated mental health program. During the course of class action litigation, the Alaska Supreme Court concluded the state breached its fiduciary duty while managing Trust land. A 1994 settlement recapitalized the Mental Health Trust with \$200 million and one million acres of land.

The goal of the Alaska Mental Health Trust Authority is to serve as a catalyst for change and improvement in Alaska's mental health continuum of care. It is the duty of the Trust to provide leadership in advocacy, planning, implementing, and funding of services and programs for Trust beneficiaries.

The Trust funds projects and activities that promote long-term system

change, including capacity building, demonstration projects, funding partnerships, rural-project technical assistance, and other activities that will improve the lives and circumstances of Trust beneficiaries. Trust beneficiaries include Alaskans with:

- Mental illness
- Developmental disabilities
- Chronic alcoholism and other substance-related disorders
- Alzheimer's disease and related dementia
- Traumatic brain injury

The Trust Land Office generates revenue through leasing and sales of land; real estate investment and development; commercial timber sales; mineral exploration and production; coal, oil, and gas exploration and development; and sand, gravel, and rock sales. In addition to revenue generation, the TLO is charged with managing Trust lands prudently, efficiently and with accountability. The TLO carries out its stewardship role by managing and protecting the Trust's non-cash portfolio for today's development opportunities and into perpetuity.

# Focus Areas

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**Disability Justice:** reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system

Due to their disabilities as well as unmet needs in the community treatment and support systems, Trust beneficiaries are at increased risk for involvement with the criminal justice system, both as victims and defendants.

**Substance Abuse Prevention & Treatment:** focus on the full continuum of care from prevention and early intervention to treatment and recovery

The prevalence rates and negative consequences of alcohol and drug abuse among Alaskans are substantial. Substance abuse and addiction constitute the largest preventable and costly health problems in Alaska.

**Beneficiary Employment & Engagement:** increase integrated employment, meaningful activities, training, and peer-based recovery support programs

Meaningful employment and engagement are critical in everyone's life. However, data demonstrates that Trust beneficiaries are underrepresented in integrated employment settings with competitive wages. Additionally, involving beneficiaries in defining and mapping out their recovery is a well-known treatment tactic and may help prevent the need for more intensive traditional service.

**Workforce Development:** ensure service providers across the state have access to a stable, capable, and competent workforce to serve Trust beneficiaries, their families, and communities

The Alaska health workforce continues to be at a near crisis level due to high turnover, personnel shortages, and a lack of well-trained, culturally diverse staff. Additionally, there is an increasing need for workers within behavioral health, home- and community-based services, and long-term supports to meet the needs of an aging population.

**Housing and Long-Term Services & Supports:** increase the availability of housing options and community-based services and supports best suited to the needs of beneficiaries that will improve or sustain their quality of life

The statewide housing shortage disproportionately affects Trust beneficiaries. Some beneficiaries who would thrive in supported housing end up in higher levels of care or fall into circumstances that lead to incarceration, homelessness, or even death. Additionally, for some beneficiaries, access to community-based services and supports helps individuals maintain their independence and stay in their homes longer.



# Financials

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The Alaska Mental Health Trust Authority and the seven members of the board of trustees are fiduciary agents responsible for the perpetual management and safeguarding of Trust assets for the benefit of current and future generations of Trust beneficiaries. Trustees make recommendations to the governor and the Legislature to expend Trust income and other state funds for Alaska’s comprehensive integrated mental health program.

To finance the expenditure of Trust income, the Trust utilizes a handful of organizations to manage its assets, which are broadly categorized as either “cash” or “non-cash” assets. Cash assets are managed by the Alaska Permanent Fund Corporation—tasked under Alaska statute with managing Trust principal—and the Alaska Department of Revenue Treasury Division, which manages a portion of budget reserves. The Department of Natural Resources Trust Land Office manages the “non-cash” assets which constitute approximately one million acres of land located throughout the state

and, more recently, a growing directly-owned real estate portfolio in several states including Texas, Washington, and Utah. The TLO generates revenue for the Trust through office and land rental as well as through the extraction of renewable and non-renewable resources including timber, gas and precious metal extraction.

The Trust’s net position at the close of FY14 climbed to \$585.6 million. This represented an increase of \$58.2 million (or 11.0 percent) from the prior fiscal year. The Trust’s total revenues climbed to \$82.8 million, an increase of \$18.9 million (or 29.5 percent) over the prior fiscal year. The performance was attributable to another year of strong returns across publicly traded security markets. The Trust continued to enjoy the benefit of being invested alongside the Alaska Permanent Fund, which enjoyed a 15.5 percent total return, primarily driven by equity returns which were again bolstered by a continuation of a relatively accommodative monetary policy on the part of central banks. The Trust’s investments, managed

by the Department of Revenue Treasury Division, experienced an even stronger 16.8 percent return, benefitting from lower exposure to private assets and corresponding higher exposure to equities. Combined, the investments managed by APFC and Treasury were responsible for \$68.6 million in Trust revenues during the fiscal year, or approximately 83 percent of total FY14 revenues with the balance generated by the TLO and other miscellaneous revenues.

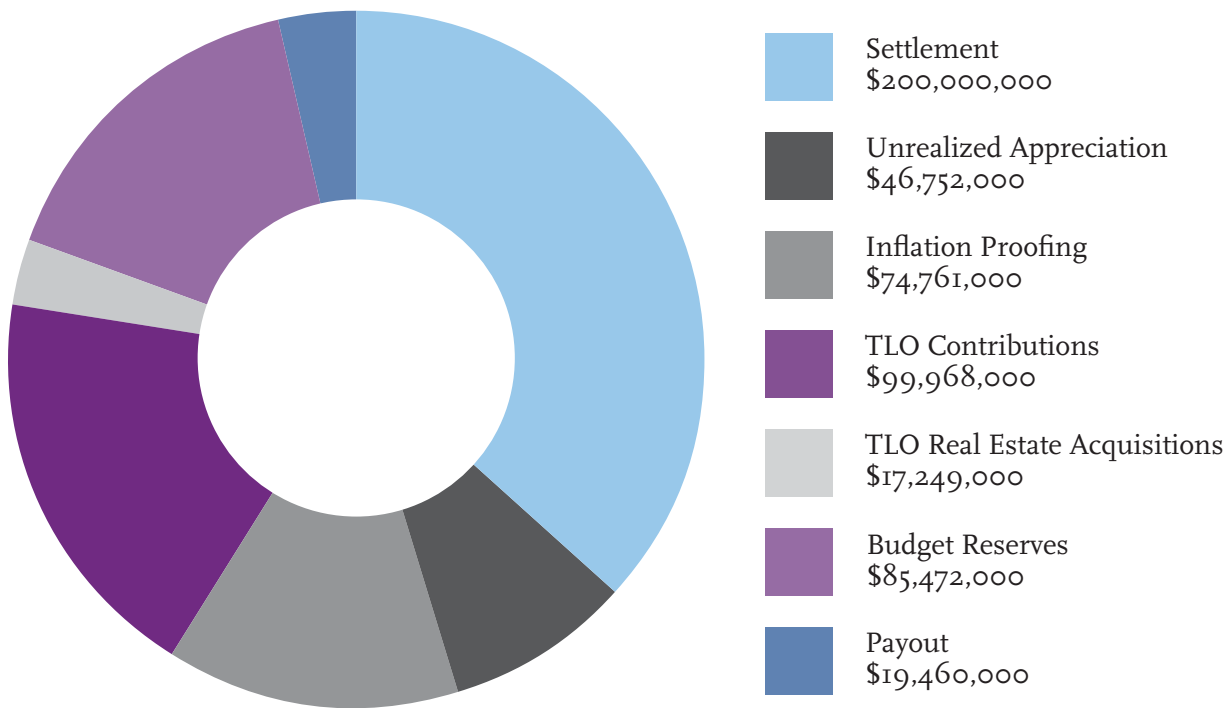
The total funding available each year for trustees to allocate is a combination of the following:

- Base payout (4.25 percent of the average value of the Fund’s cash assets)
- Spendable income generated from land and other non-cash assets
- Interest income earned on cash balances
- Unexpended funds from prior fiscal years

This funding approach ensures a relatively stable cash flow from year to year.

# Financials

## Trust Cash Assets at End of FY14



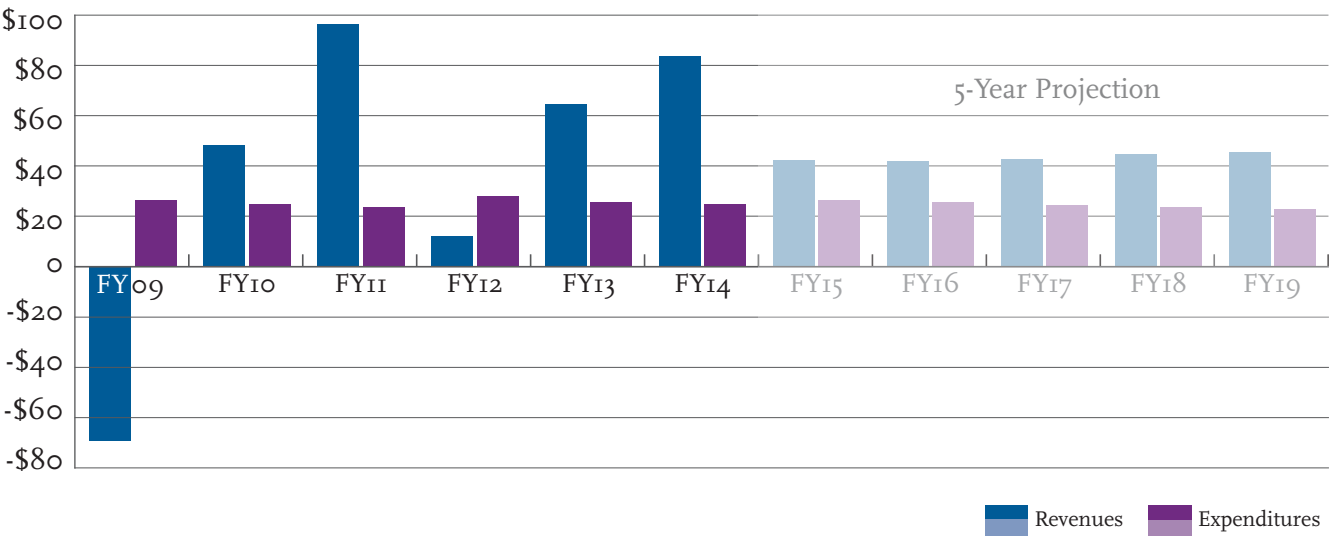
## Impact at a Glance – Grants Awarded in FY14

	AMOUNT	NUMBER
Mental Health Trust Authorized Receipts (state departments / divisions)	\$13,105,500	48
Nonprofits / Tribal Organizations / Agencies	\$7,823,365	175
<b>Total</b>	<b>\$20,928,865</b>	<b>223</b>

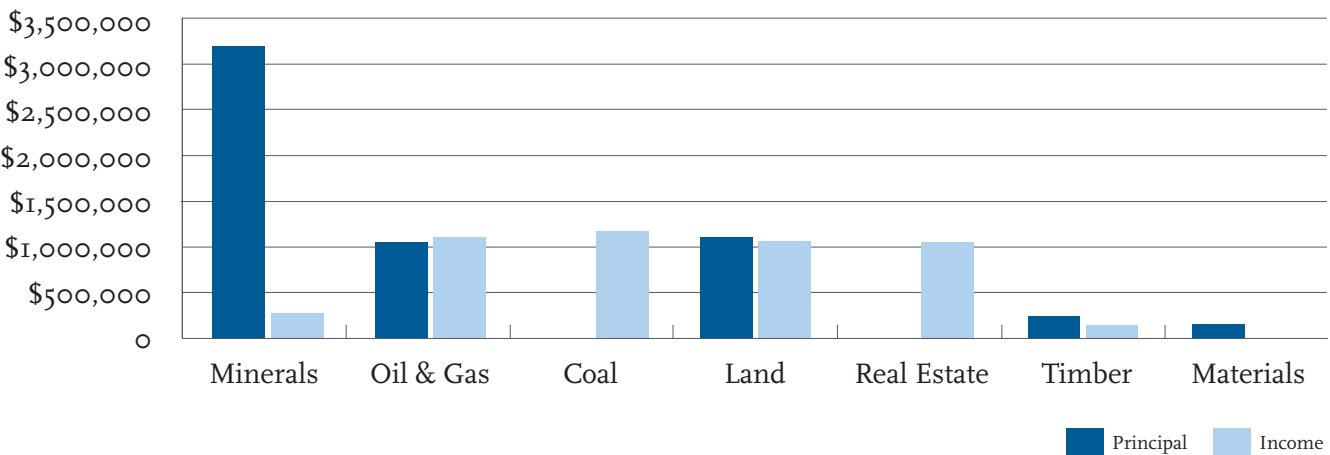


# Revenues & Expenditures

(in millions)



## Trust Land Office Revenue Generated in FY14



## Board of Trustees

Mike Barton, Chair  
Laraine Derr, Vice Chair  
Paula Easley, Secretary/Treasurer  
John McClellan  
Mary Jane Michael  
Larry Norene  
Russ Webb



Creating change, especially lasting change,  
requires collaboration and commitment.



## Trust Advisors

Advisory Board on Alcohol and Drug Abuse\*  
Alaska Commission on Aging\*  
Alaska Mental Health Board\*  
Governor's Council on Disabilities and Special Education\*  
Alaska Brain Injury Network  
Alaska Court System  
Alaska Housing Finance Corporation  
Alaska Permanent Fund Corporation  
Department of Corrections  
Department of Health and Social Services  
Department of Natural Resources  
Department of Revenue  
Statewide Suicide Prevention Council

*\*Statutory Partner*



## Thank You

We want to thank all the people who volunteered to be photographed for this report.  
They are students, supporters, staff, volunteers, partners, and Trust beneficiaries.  
Most of all, they are a vital part of our Trust community serving the needs of Alaskans.



# Trust

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## Alaska Mental Health Trust Authority

This publication is required by AS 47.30.046(b) and released by the Alaska Mental Health Trust Authority.  
The Trust, in an effort to minimize costs, only printed 500 copies of this report and will have an electronic version available on its website, [mhtrust.org](http://mhtrust.org). This report was printed in Anchorage, Alaska at a cost of \$3.93 per copy.