

*The* TRUST

The Alaska Mental Health  
Trust Authority

# Investing Wisely

2013 Annual Report

Chair exercises at Day Break Adult Day Center, a Trust grant recipient



# Purpose

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**



Mike Barton, Chair



Jeff Jessee, CEO

## Letter from the Chair & CEO

It is with great pleasure that we present this report of The Trust's activities in 2013. The year was one of continuing to strive to meet beneficiary needs by collaborating with our partners on the implementation of The Trust's ongoing programs. This year, as in other years, proceeds from The Trust financed programs and activities that benefited Trust beneficiaries across the state. This report provides a summary.

In 2013, The Trust evaluated our established focus areas to determine whether any changes were warranted to better accommodate foreseeable changes in the overall funding available for mental health programs around the state. As a result of this evaluation the Board of Trustees decided to:

- Establish a new focus area dealing with chronic alcoholism and substance abuse
- Provide a new emphasis on beneficiary employment
- Provide a new emphasis on long-term support and services
- Significantly reduce the funding for bring the kids home since our prior efforts brought the kids home
- Maintain our ongoing efforts in workforce development and disability justice

These matters, too, are discussed in this report. We invite you to read about them, as well.

We look forward to 2014 and the opportunity to continue to serve Trust beneficiaries. Making needed changes in Trust programs while maintaining ongoing programs will make for an exciting and challenging year.

Since its inception, The Trust has been unwavering in its commitment to beneficiaries. This commitment was exemplified by our previous board chair, Dr. William Doolittle who recently stepped down after having served as chair for seven years. His chairmanship was the longest in the history of The Trust. Dr. Doolittle has our highest respect and admiration for his leadership. His service to Trust beneficiaries across Alaska is deeply appreciated.

Mike Barton  
Chair, Board of Trustees

Jeff Jessee  
Chief Executive Officer



# Looking Ahead

## What will The Trust focus on next?

During the year, the board reviewed the current Trust focus areas and discussed potential new focus areas with stakeholders. In September, trustees decided to:

- Add: a focus area on **alcohol and substance abuse** prevention and treatment and its full continuum of problems and solutions
- Expand: **beneficiary employment** and **long-term services & supports**
- Continue: disability justice, beneficiary projects initiative, housing, and workforce development

## Why a new focus on alcohol and substance abuse prevention and treatment?

Substance abuse and addiction constitute the largest preventable and costly health problems in the U.S. Alaska ranks high and pays dearly:

- Alaska's rate of alcohol-induced deaths has been at least three times the U.S. rate (2009)
- Alaska's rate of illicit drug use ranked third among all states and is consistently 25 percent higher than the national average (2012)
- Alaska ranked ninth among the 50 states for binge drinking among adults (2011)

Alaska's costs associated with individuals dependent on or abusing alcohol/drugs was **\$1.2 billion** in 2010.

Trustees are fully committed and see this as a major problem that has plagued the state for decades. They understand this effort requires:

- Full continuum of evidence-based prevention, early intervention, and treatment options
- Long-term commitment
- Many partners with similar vision

When we invest in prevention, the benefits are broadly shared across a beneficiary's lifespan ensuring a healthier and increased quality of life. This ensures children grow up with the tools and supports needed to decrease their likelihood of becoming addicted to alcohol and/or substances.

## Why expand beneficiary employment?

Trustees understand that meaningful employment and engagement is critical in everyone's life and helps reduce reliance on government-funded programs.

In partnership with the Governor's Council on Disabilities and Special Education and other stakeholders, trustees see this effort as improving opportunities for beneficiaries to achieve integrated employment, competitive wages, meaningful activities, education, and self-sufficiency.

- Only 47 percent of individuals with a disability are currently employed, compared to 80 percent of individuals who are employed in the general population

## How are long-term services & supports critical to beneficiaries?

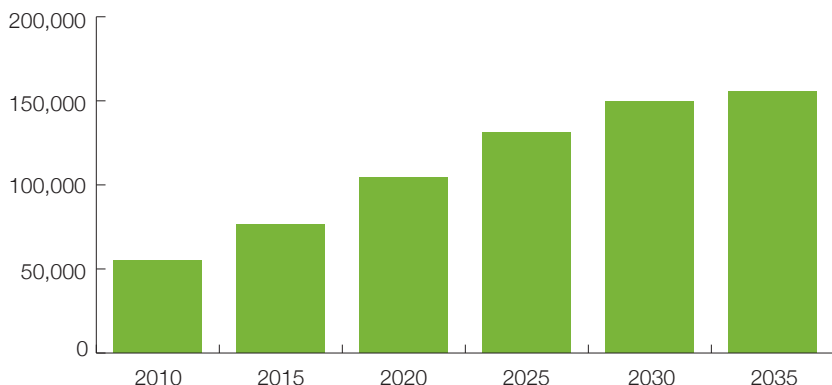
These services and supports allow people of any age to maintain their independence in their home or community. They may include: assistance with daily living (feeding, bathing, dressing, grooming and mobility), instrumental activities of daily living (meal preparation, laundry, medication reminders, shopping, bill paying, etc.), service coordination, residential supported living, transportation, respite, and other services.

Trustees recognize in the coming years there will be an increasing number of Alaskans who desire to age in place. This population increase will strain the existing social services available in Alaskan communities and will require creativity to support our elders without over developing supported residential facilities that will not be needed once the population boom subsides.

This effort will focus on:

- Supported services and accessible housing to promote independence
- Development of a statewide plan for services for individuals with Alzheimer's disease and related dementia

## Projected Statewide Population of Alaska Seniors (65+)



## Focus Area: Bring the Kids Home

### Challenge

Between FY98 and FY04, out-of-state residential psychiatric treatment center placements for Alaska children with severe emotional and behavioral disturbances grew by 802 percent — from 83 to 749 children. In FY04 alone, these out-of-state services cost the state of Alaska \$40 million in Medicaid charges.

When treatment is provided out-of-state, it is hard for families to participate, learn skills and make changes so they can provide a safe and structured home environment when their children return to Alaska. Reliance on out-of-state treatment also means that Alaska's Medicaid does not support development of the in-state service system to meet the needs of our children, youth and families.

### Strategies

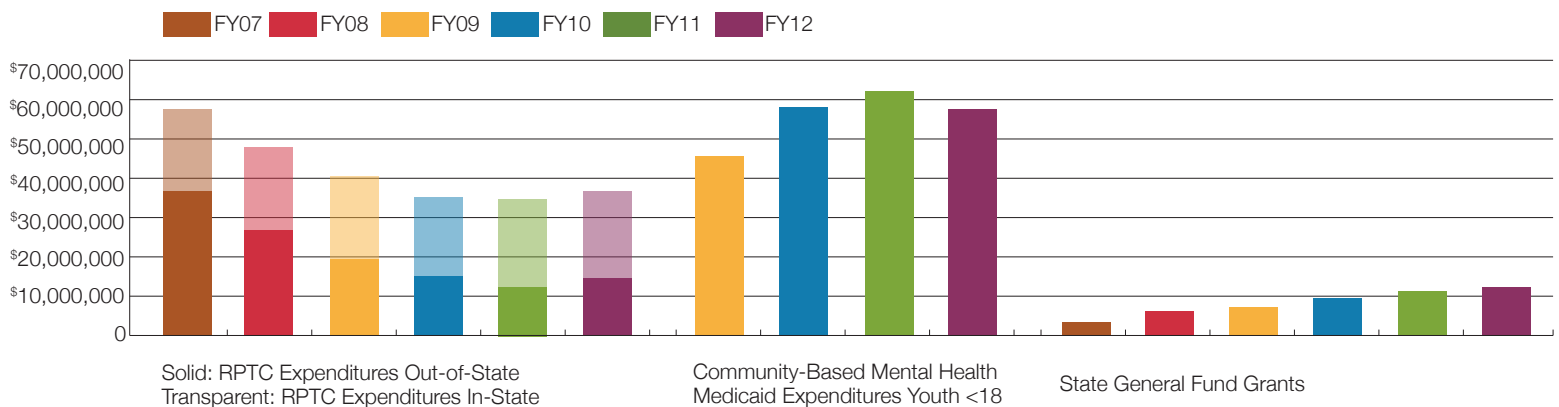
- Partner with the state to re-invest expenditures for out-of-state placements to implement innovative evidence-based practices
- Employ evidence-supported practices, like the Transition to Independence Process, to improve real-life outcomes for transition aged youth such as reduced drop out rate, early pregnancy, unemployment and contact with the criminal justice system

### Results

- The Trust invested \$16 million to facilitate complete re-engineering of Alaska's child and adolescent mental health system in eight years. Between FY04 and FY13, residential psychiatric treatment center admissions decreased by 85 percent. In addition, there was a 68 percent decrease in Medicaid claims paid to out-of-state services.
- As a result of the success of this initiative, Trust funding will be reduced to a maintenance level in future years.



### State of Alaska Cost Trends for Children and Youth Services



## Focus Area: Workforce Development

### Challenge

It is critical to have trained professionals locally to provide needed services to Alaskans, and The Trust is investing to ensure professionals are trained to serve beneficiaries well into the future. According to the Department of Labor, Alaska is expected to add nearly 39,000 jobs between 2010 and 2020. Health care and social assistance jobs are projected to grow by 31 percent as the population of Alaskans age 65 or older is expected to increase. Ambulatory health care, which includes practitioners, outpatient care centers, and home health services, is anticipated to gain 5,860 jobs, and nursing homes and community elder care facilities will also show strong growth. Social assistance needs are also expected to increase by 25 percent.

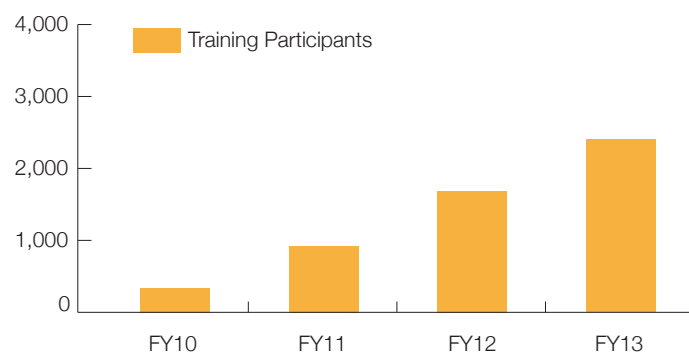
### Strategies

- Training and professional development: The Trust partnered with UAA's Center for Human Development to launch the Trust Training Cooperative (TTC), which blends evidence-based practices and traditional wisdom in accessible trainings and technical assistance for professionals serving Trust beneficiaries.
- Coordinating health workforce development: The Trust continues to support the Alaska Health Workforce Coalition (a public-private effort).

### Results

- TTC also developed the Learning Management System (LMS), a web-based catalog of distance delivery and face-to-face trainings. FY13 data shows a continued increase in the overall number of training and technical assistance events addressing workforce needs and training gaps, as well as the overall number of registered LMS users. More than 90 percent of participants reported feeling satisfied or very satisfied with the training they received.

#### Trust Training Cooperative Trainings



*Katie Griffiths, Project SEARCH graduate and current employee of Mat-Su Regional Medical Center*

**45** students enrolled in the Clinical & Community Psychology PhD program in 2012.

The Trust partnered with the University of Alaska to develop the first joint PhD program in clinical and community psychology.

## Focus Area: Housing

### Challenge

For Trust beneficiaries, not being able to afford rent or receive support in their home often means not being able to maintain a stable household. Data indicates that Trust beneficiaries are having an increasingly hard time achieving the goal of housing stability due to economic challenges and difficulty accessing services. 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.

Supported housing is a combination of a safe home and services which are intended to maximize independence in a cost-effective way to help individuals live more stable and productive lives. Supported services may include service coordination, medication management, independent living skills, individual or group therapy, vocational services, and mental or physical health services.

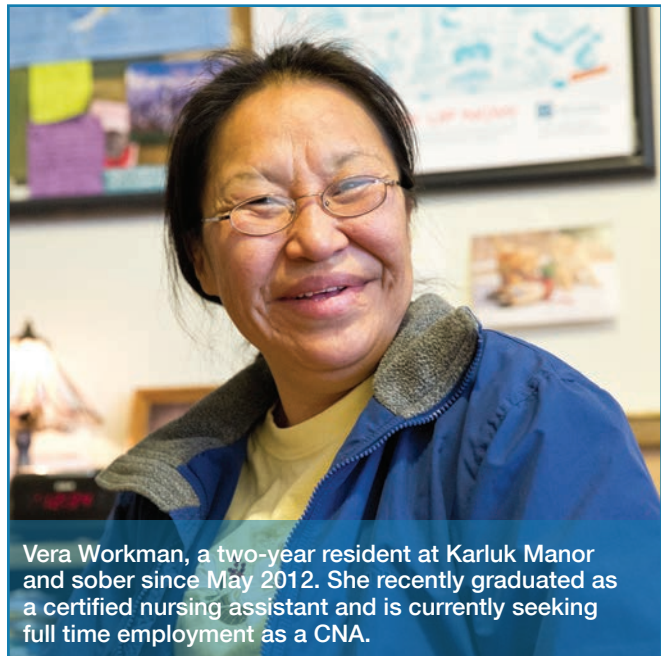
### Strategies

Strategies focus at the policy, community and social services system level using evidence-based principles to ensure safe housing for beneficiaries. This work will continue in the coming years to help mitigate the housing shortage and to identify where additional supported units are needed.

- Implementing lower cost community-based service strategies to keep our increasing numbers of elders in their home community for as long as possible
- Continuing the development of projects and increasing use of the principles of the Housing First model
- Continuing to partner with other organizations to address the increasing numbers of Trust beneficiaries cycling through emergency services

### Results

- RurAL CAP in Anchorage and Tanana Chiefs Conference in Fairbanks rented 93 units of stable housing for formerly homeless beneficiaries with severe addictions
- At Karluk Manor in Anchorage, self-reported drinking was measurably reduced during the first year of operation
- Significant progress towards establishing housing for individuals with severe mental illness using a nationally recognized model, Assertive Community Treatment



Vera Workman, a two-year resident at Karluk Manor and sober since May 2012. She recently graduated as a certified nursing assistant and is currently seeking full time employment as a CNA.

Renting an apartment is challenging and expensive.

#### **Median Rent for One Bedroom**

- Anchorage: \$988.00
- Juneau: \$950.00

#### **Vacancy Rate Average** (all unit sizes)

- Anchorage: 3.25%
- Juneau: 2.33%

## Focus Area: Disability Justice

### Challenge

Alaska's prison population is still one of the fastest growing in the nation. In 2013, the Alaska Department of Corrections opened the state's 13th correctional center, Goose Creek. The capital cost was \$250 million and the annual operational cost is \$50 million. Without a focused and significant effort to change state law and policy and investment in community treatment services, it is anticipated that the state will need to construct another 1,500 bed correctional facility as soon as 2018.

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

- A 2013 report found that over the course of any given year (FY09 – FY12) more than 40 percent of all admissions to or release from the Department of Corrections were Trust beneficiaries.
- In FY12, 44 percent of youth involved in the juvenile justice system were Trust beneficiaries.
- Nearly 4,000 times every year Alaskans who committed no crime are held in a correctional facility for their own safety, simply because an appropriate community treatment alternative is unavailable.

### Strategies

The Trust, in partnership with Alaska Court System, Departments of Corrections and Health and Social Services as well as other community providers, have identified several strategies and implemented programs that reduce criminal recidivism. If the state fully integrated these and other programs and committed financial support to significantly increase capacity, the construction costs and associated operational costs of a new correctional facility could be delayed or reduced.

- Provide community treatment alternatives for adults requiring a protective custody hold to ensure their or the public's safety
- Train criminal justice personnel on issues related to Trust beneficiaries
- Sustain and expand therapeutic courts
- Support reentry efforts from adult correctional and youth detention facilities

### Results

- Since 1998, the number of therapeutic courts has grown from two to 13. Graduates of these courts have demonstrated reductions in criminal recidivism.
- In partnership with The Trust, the Anchorage and Fairbanks police departments continue to provide Crisis Intervention Team (CIT) training to law enforcement personnel and other first responders. CIT provides education and skills training for helping those individuals with mental illness or other cognitive impairments. To date over 400 police and other first response personnel statewide have graduated from a CIT academy.



The Trust invested \$600k in the Bethel Sobering Center. The results above reflect data from 2010 - 2012.

### Therapeutic Courts

To prevent inappropriate use of correctional centers and reduce criminal recidivism for targeted populations, The Trust invested in the development, implementation and evaluation of therapeutic courts.

**Anchorage** Adult Mental Health Court, Wellness & Drug Court, Family Care Court, Family Preservation Court & Veterans' Court

**Bethel** Adult Wellness Court

**Fairbanks** Adult Wellness Court & Juvenile Mental Health Court

**Juneau** Adult Mental Health & Wellness Court

**Ketchikan** Adult Wellness Court

**Palmer** Adult Mental Health Court

The statewide re-arrest rate for graduates of therapeutic courts targeting offenders with substance abuse problems is 33 percent lower than a comparison group.

## Focus Area: Beneficiary Projects Initiative

### Challenge

A natural outgrowth of the 1999 Surgeon General's report on mental health has been the realization of the value of peer-to-peer support in recovery. Peer-to-peer support also has been proven to show a reduction of expensive government-funded services.

Peer support occurs when a person with personal experience with mental illness, addiction, traumatic brain injury, learning disabilities or other social or health conditions offers encouragement, assistance, mentoring and guidance from the perspective of shared experience. Structured peer support programs and integration of peers across service delivery sectors are an innovative and promising approach to improve the availability, acceptability, and affordability of effective psychosocial treatments and natural supports. They offer unique benefits by re-orienting consumers and providers away from symptom management and toward recovery as the ultimate goal.

### Strategies

The Trust has emphasized the value and role of peer support in helping people recover, gain more control over a condition, and live fulfilling lives in their communities.

- Identifying opportunities to support, strengthen and expand structured peer support programs in addition to developing a trained peer support workforce have been prioritized strategies since inception of the initiative in 2006
- Grant making to grassroots, consumer-operated/driven programs paired with the skilled mentorship of professionals with expertise in nonprofit management and development has helped to further establish peer- and consumer-run organizations across the state
- Building a competent peer workforce to work through key training and education efforts
- Helping beneficiaries become self-sufficient with micro-enterprise grants

### Results

- Trust beneficiaries have the opportunity to seek support through many peer support organizations. For example, the Alaska Mental Health Consumer Web, a behavioral health consumer-driven drop-in and engagement center, supports upwards of 2,300 individuals annually, most of whom experience serious mental illness, addiction, and chronic homelessness. Staffing for the program is primarily peer support specialists who have been trained by the Alaska Peer Support Consortium.



Trust beneficiary alpaca business

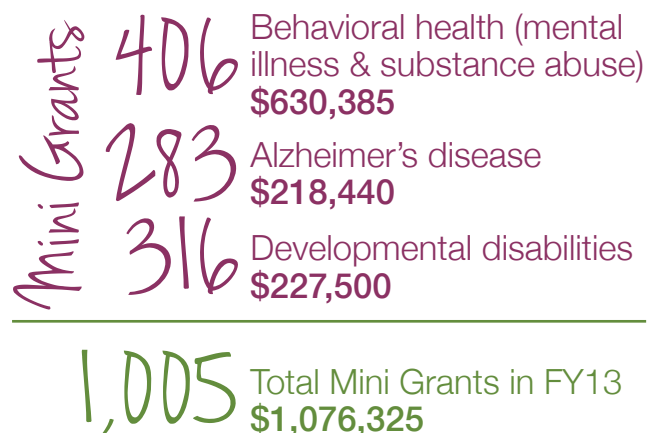
In FY13, **24** entrepreneurs received microenterprise grants for businesses such as: alpaca business • auto glass repair • beauty salon • construction company • fly fishing supplies • pedicab service • recycling • seafood and grocery store • web design and maintenance

# Grant Making

A portion of The Trust's annual budget is designated for grants to beneficiaries, nonprofit organizations, service providers, tribal entities, governmental agencies, and other groups that serve Trust beneficiaries.

## Mini Grants

The Trust mini grant program provides individuals within all Trust beneficiary groups up to \$2,500 for a broad range of equipment, supplies and services to improve their quality of life, increase independent functioning, and help them attain and maintain healthy and productive lifestyles. A mini grant is based on need and is awarded to an agency on behalf of the beneficiary.



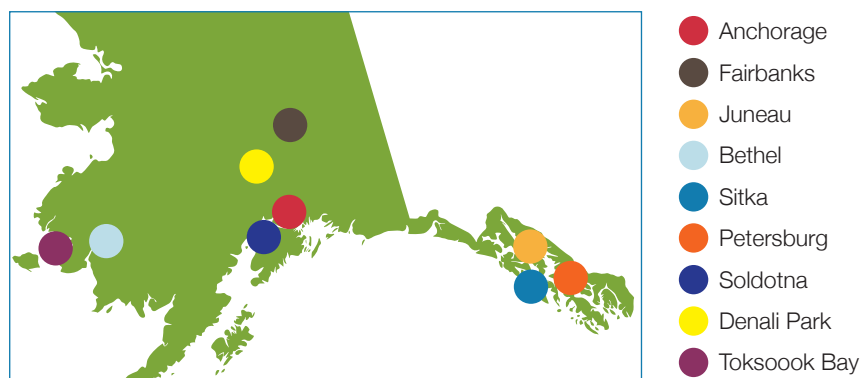
“You have made it much easier to do everyday tasks... I am now able to do everything I need to do. Also, job seeking has become more ready and available... So thank you, at the very least you have changed my life.”

-mini-grant recipient

## Small Project Grants

The Trust annually provides small project grants up to \$10,000 for innovative projects or enhancements to existing projects that are of direct benefit to Trust beneficiaries. In FY13, The Trust awarded 30 small project grants totaling \$268,034.

### Small Project Grant Locations



### Small Project Example

Juneau Alliance for Mental Health received a grant to assist 18 beneficiaries who were experiencing significant mental illness. A key outcome was the **153 percent decrease** of participants' use of urgent and emergency services.

# Managing Resources: Increasing Assets for Beneficiaries

Under board of trustee direction and in accordance with state statute, the Trust Land Office is specifically responsible for managing the land and other non-cash assets of The Trust. The TLO 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 inherent value of The Trust's portfolio for today's development opportunities and into perpetuity. Preservation responsibilities include evaluating and monitoring a long-term asset management strategy, restoration or reclamation projects, conservation easements, and access controls.

## Minerals & Materials

- Fort Knox produced significant royalties during the year as the result of high gold prices and low cost production.
- A lease was signed with Kinross Gold Corporation to explore and develop resources at the Ophir Block.
- PacRim Coal submitted one of two Alaska Surface Coal Mining Control and Reclamation Act permits for the Chuitna coal project; submissions were also completed for wetlands and air permits.

## Land

- The annual competitive land sale generated revenues of \$1.1 million.
- Two Fish Lake and Island Lake road construction projects were completed.
- Work continued to increase revenue generation from existing utilities infrastructure. These agreements are long-term, steady streams of income revenue.
- The Municipality of Anchorage approved the request to consolidate tracts and vacate certain easements in the Community Park Alaska subdivision. The action netted an increase of eight acres of developable land at Bragaw and Northern Lights.

## Forestry

- A timber sale was executed near Wrangell and is expected to generate \$575,000 over the life of the contract.

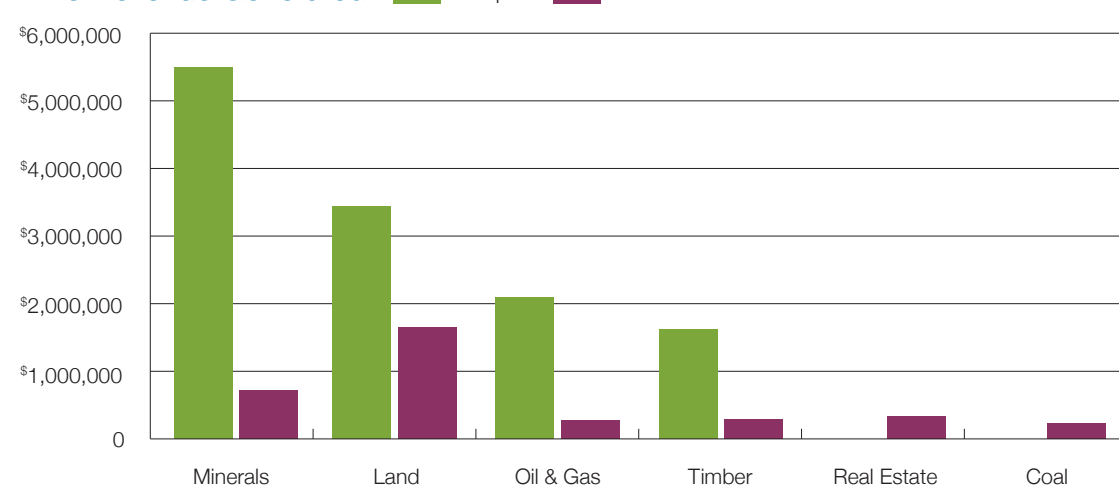
## Real Estate

- The acquisition of the IRS mail sorting facility in Ogden, Utah, under a long-term lease to the U.S. General Services Administration, was finalized. The facility will produce over \$500,000 of annual income revenue.
- A lease for a tract in the University-Medical District in Anchorage was finalized, initially bringing in over \$116,000 per year. Rents will increase over the 70-year term, potentially totaling \$14 million.

## Oil & Gas

- Aurora Gas developed new access at Nicolai Creek, North Cook Inlet, and obtained permits to drill a new gas well.
- Buccaneer Energy produced gas from the Kenai Loop Field Pad No. 1, which was joined by a second producing well in the second half of the year. Royalties for the year exceeded \$2 million.

## FY13 Revenue Generated



# Investing Wisely: Trust Financials

The Alaska Mental Health Trust Authority and the seven members of the board of trustees are fiduciary agents responsible for the perpetual managing and safeguarding of Trust assets for the benefit of all generations of beneficiaries. Each year, trustees make recommendations to the governor and the Legislature regarding expenditure of Trust income and other state funds to help pay for the comprehensive integrated mental health program.

The Trust employs the expertise of several organizations to manage its assets, which are broadly categorized as either “cash” or “non-cash” assets (the latter comprising of the vast land holdings and associated revenue contracts arising from management of the land). The Alaska Permanent Fund Corporation and the Alaska Department of Revenue’s Treasury Division manage The Trust’s cash assets. The Department of Natural Resources’ Trust Land Office manages the land and other non-cash assets.

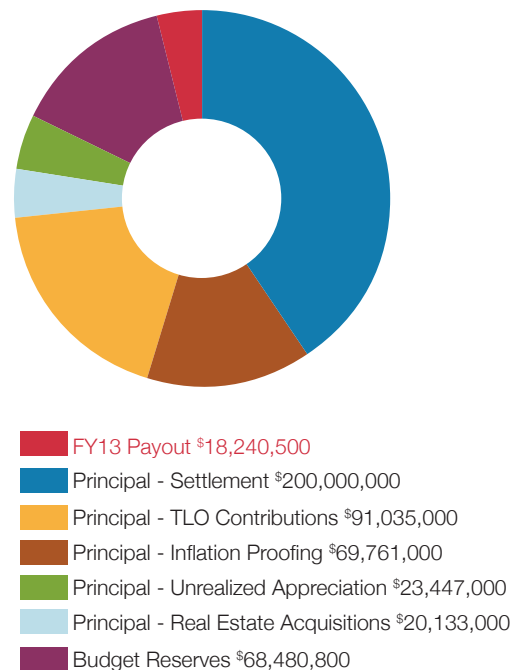
To ensure a predictable and relatively constant cash flow, the total funding available each year to allocate is a combination of the following:

- 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

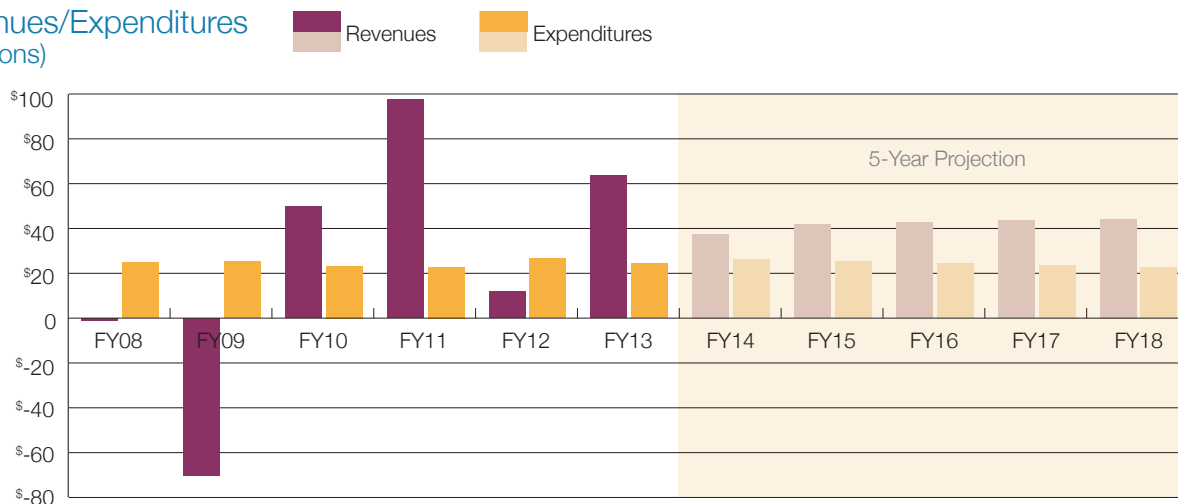
The majority of The Trust’s annual operating and capital budgets is spent on two areas. Trust focus area expenditures are based on recommendations from The Trust’s focus area workgroups. Program expenditures are initiated by The Trust’s advisory boards through the annual request for recommendation process. (These expenditures are part of the mental health budget bill and must be approved by the Legislature.)

The Trust’s overall net position at the close of FY13 climbed above the half-billion-dollar mark to \$527.4 million for the first fiscal year end since FY11. This represented an increase of \$39.9 million or 8.2 percent from the prior fiscal year. The Trust’s revenues increased by over \$51 million from the prior year due to strong investment markets. Returns on investments managed by the APFC enjoyed a 10.7 return. The investments, managed by the Department of Revenue Treasury Division, experienced an even stronger 11.8 percent return, benefiting from lower exposure to private assets and corresponding higher exposure to equities.

Trust Cash Assets at End of FY13



Revenues/Expenditures  
(in millions)



# Governance

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The Trust is overseen by a seven-member board of trustees who are appointed by the governor and confirmed by the Legislature. Trustees bring a wide range of knowledge and experience to the tasks of governing The Trust. Trustees have a fiduciary responsibility to protect and enhance Trust assets in perpetuity for current and future beneficiaries.

**Mike Barton**, chair

**Laraine Derr**, vice chair

**Paula Easley**, secretary

**William Doolittle, MD**

**Mary Jane Michael**

**Larry Norene**

**Russ Webb**

To accomplish its mission, The Trust works closely with a variety of state departments, governor-appointed boards, local and tribal governments, nonprofits and businesses, including:

**Advisory Board on Alcohol and Drug Abuse\***

**Alaska Brain Injury Network**

**Alaska Commission on Aging\***

**Alaska Court System**

**Alaska Housing Finance Corporation**

**Alaska Mental Health Board\***

**Alaska Permanent Fund Corporation**

**Department of Corrections**

**Department of Health and Social Services**

**Department of Natural Resources**

**Department of Revenue**

**Governor's Council on Disabilities and Special Education\***

**Statewide Suicide Prevention Council**

\*Statutory Partner



# Our History

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Prior to statehood, there were limited services in the Territory of Alaska for anyone with mental illness, addictions or other mental disabilities. A person with any of these conditions could be prosecuted as “an insane person at large” and, if convicted, was sent by the federal government to live in Morningside Hospital, a mental institution in Oregon. During Alaska’s transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956, transferring responsibility for providing mental health services from the federal government to the Territory and, ultimately, 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.



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[mhtrust.org](http://mhtrust.org)

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