

# Progress

FOR TOMORROW



2016 ANNUAL REPORT

Trust

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Alaska Mental Health  
Trust Authority



On the cover: Sharon and Steve met and fell in love in Sand Point, Alaska and have been married for 50 years. Sharon describes herself as a vivacious person, throwing family dinners or church events until she was stricken with lower abdominal pain in 2004, which eventually lead to her prescription drug addiction at an older age.

*“It took me awhile to realize I was truly becoming addicted. Not because of choice but because of the pain I couldn’t endure.”*

# THE GOAL OF THE TRUST

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 the advocacy, planning, implementing and funding of services and programs for Trust beneficiaries.

Here are a few of our stories.





# Letter from the Chair and CEO

All Alaskans know that our state faces nearly unprecedented economic conditions and a truly unparalleled state government fiscal situation. These circumstances challenge us all to make thoughtful and creative adaptations – including hard decisions and difficult changes – in order to protect our state, its citizens and especially Trust beneficiaries.

The Trust, like our partners, must evolve to meet these challenges and 2016 was a year marked by change for the Trust. In addition to a transition in management, the Trust worked with our partners to spend Trust funds in ways that protect beneficiaries today while achieving necessary changes in programs to assure their sustainability. In planning for fiscal years 2018 and 2019, trustees approved the Trust budget and programmatic focus to sustain progress on our two biggest priorities: Medicaid redesign and criminal justice reform and reinvestment.

Programs serving Trust beneficiaries are undergoing transformative changes. Two landmark bills passed during the 2016 legislative session, Senate Bill 74 and Senate Bill 91, will require massive statewide efforts to (1) redesign the Medicaid program and the systems of care it supports; and (2) reform the criminal justice system to make it more effective and less costly. The Trust is making significant investments of both financial and human capital in each of these efforts to protect the interests of Trust beneficiaries.

Policy leaders, providers, beneficiaries and other stakeholders have been engaged in myriad efforts across the state to plan and implement these two massive reforms. A key challenge trustees have posed to staff and to others leading the reform is ensuring that the components of reform are woven together effectively and that robust management and technology infrastructures are in place to ensure an integrated, comprehensive system of care for beneficiaries and their families, now and in the future.

The goals of these two key reform efforts are clear (1) a sustainable system of integrated care for beneficiaries that allows them to achieve optimal health and independence in their community; and (2) a criminal justice system that reduces recidivism and creates safer communities. Neither goal can be achieved without sustained efforts, broad commitment of all partners and a careful reinvestment of state dollars and financial support from the Trust. Nor can either goal be achieved in isolation because they are inextricably linked – success in reducing recidivism and making communities safer requires improved access to health care and other services for those involved in the criminal justice system – particularly for Trust beneficiaries.

The Trust's number one stated duty is to “enhance and protect the Trust.” The state's stark fiscal outlook and growing beneficiary population are making it ever more imperative for the Trust to increase its financial contributions to Alaska's comprehensive mental health program. To do so the Trust must (1) assure its cash assets are protected and generate the maximum from investment; and (2) protect and develop its land and resources to maximize revenue. To achieve that, trustees

*In November, the board of trustees appointed Greg Jones interim CEO. Jones will oversee both the revenue generation side of the organization and the administration of beneficiary programs. He has an extensive resume and previously served as executive director of the Trust Land Office.*

have sought to be more proactive in generating income for mental health programs while protecting and growing the value of the Trust's asset base which consists of: cash investments, land, timber, minerals, materials (such as sand and gravel) and real estate.

Over the last 10 years the return from the Trust's cash investments has been barely sufficient to account for inflation and allow expenditure of Trust cash assets for beneficiary programs without dipping into reserves. At the same time, timber sales, the primary source of income from Trust land for many years, was in an inevitable decline. When faced with real losses from cash investments and an ever growing need for spendable income, trustees began, several years ago, to seek ways to safely increase overall revenue and spendable income. Trustees directed the Trust Land Office (TLO), which manages Mental Health Trust land, to develop expertise and capacity to be more proactive in developing Trust land and resources and initiate a plan to diversify the Trust asset base.

In order to execute this overall strategy, the TLO has developed the expertise required to manage and develop a diversified fixed asset portfolio. The purpose of that effort is to produce exponentially greater revenue from Trust land and resources than occurred during the first 20 years of the Trust's existence, but to do so at a low and acceptable risk.

The TLO's charge is to shift away from idle assets to ones that produce stable, spendable income and growth in principal. As one part of the strategy the TLO developed a program for investing in safe, high quality commercial real estate that would both grow in value and produce more income than alternative investments – enhancing diversification not replacing other types of investments. Income from those investments is currently helping to fund programmatic grants.

Although the real estate program has been underway for more than five years it has received little outside attention. Recently, however, several misunderstandings have surfaced among Trust stakeholders, especially relating to the investment authority and policies of the Trust. We believe these misunderstandings will be overcome with better communication, and we welcome the opportunity to clarify the purpose, methodology and legal authority for the Trust's efforts. We hope the pending legislative audit will assist in clarifying how the Trust can best meet its responsibilities and the intent of the settlement and legislation that created the Trust.

These are challenging economic times but Alaskans have always risen to a challenge. Adversity creates opportunities and our challenge and opportunity is to improve systems and achieve efficiencies that will ultimately better serve our beneficiaries and all Alaskans.



Russ Webb, Chair



Greg Jones, Chief Executive Officer (Interim)



Wayne received his first DWI at 17, and was in and out of jail for misdemeanor crimes until being convicted of a felony for another DWI. He served six of his 10-year sentence and now lives in Nome, Alaska. Wayne was released from prison in March 2015 – this is the longest time he has been out of jail.

**The Mental Health Budget Bill  
includes the following components:**

**GENERAL FUND/MENTAL  
HEALTH BASE**  
Amount is established by identifying the mental health services funded within the state’s general fund budget. These funds are designated as general fund/mental health dollars. The final budget from the previous fiscal year establishes the GF/MH base.

**GENERAL FUND/MENTAL  
HEALTH INCREMENTS**  
When trustees identify better and more cost-efficient ways of providing ongoing services or solutions for unmet needs, they make recommendations in the form of GF/MH increments.

**MENTAL HEALTH TRUST  
AUTHORITY AUTHORIZED  
RECEIPTS (MHTAAR)**  
Trustees authorize state agencies to spend Trust funds for specific operating and capital projects. These state agencies must have legislative approval to receive and expend Trust funds.

**CAPITAL BUDGET**  
The separate appropriations bill includes that portion of the state’s capital budget that funds mental health projects. This often includes funds from the Alaska Housing Finance Corporation to provide housing for beneficiaries as part of the Comprehensive Integrated Mental Health Program.



Wayne’s parole officer had him complete an assessment with behavioral health services. He received counseling to help him successfully live and work in the community again.

*“I have had great people this time. I guess I got lucky.”*



## Medicaid Reform and Redesign

Senate Bill 74 (SB74), the omnibus healthcare and Medicaid reform bill, passed the Alaska Legislature and was signed into law in 2016. It is considered a once in a lifetime opportunity to fix a system that is widely accepted to be unsustainable.

Trustees approved nearly \$10 million in funding for the

administrative and start-up costs of Medicaid reform. The Trust is working collaboratively with the Department of Health and Social Services and others to design how it develops. To ensure services are available as close to home as possible the Trust is leveraging all partners and stakeholders immersed in providing services to Trust beneficiaries.

***“One slip-up and you automatically go back. People make mistakes; they go down that path and it is what they are going to learn. If you keep them down, that’s where they are going to stay.”***

***– Wayne, Trust Beneficiary***

The reform effort takes advantage of expanded eligibility of individuals for Medicaid to build out a system that provides more services and is sustainable. Alaska’s fiscal crisis runs the risk of having only the option to cut costs, and unless a more efficient system is created beneficiaries are going to lose access to necessary care.

The current system is a result of more than 20 years of “refinancing” to reduce general fund expenditures by shifting healthcare costs to the Medicaid program. Behavioral health services are almost completely dependent on Medicaid, resulting in considerable savings to the general fund but also restricting services to those eligible for Medicaid and limiting services only to those reimbursable by Medicaid rules. Some populations, especially those at high risk of involvement in the criminal justice system, lost access to critical services such as mental health and substance abuse treatment.

The silo system of care has resulted in a lack of infrastructure and capacity to provide the continuum of care in all areas of the state. The payment structure has also largely been a fee per service system, which means services are billed in 15-minute

increments and reimbursements aren’t necessarily incentivizing prevention. Instead of identifying treatment needs and support early on, the system waits to intervene until there is a full-blown crisis resulting in a higher cost of care.

Among many other components of SB74, the state, with the Trust, is coordinating and developing an update to its comprehensive, integrated mental health program that uses best practices to achieve positive outcomes for people with mental health or substance abuse disorders and children with severe emotional disturbances. Analysis indicates SB74 will save the state more than \$31 million in FY17. Those savings are expected to increase to nearly \$114 million per year by 2022 as programmatic reforms are fully implemented.

***The goal of Medicaid reform and redesign is to create a sustainable continuum of integrated care for beneficiaries to achieve optimal wellness and control costs over time.***





Corbin was diagnosed with Trisomy 21 (Down syndrome) just three hours after birth.

*“It’s really important for community services to be available for our kids and our families because they are just like everyone else. They’re people first. The more we can do to put them in situations where they can thrive and be what they want to be, the better off we all are.”*

Under a redesigned Medicaid system, more services would be available in the community so someone who is in crisis can go to their local health center and receive the right kind of interventions, screening or stabilization because that primary care clinic now has the capacity to work with behavioral health issues. Healthcare, medical care and behavioral health, which are now just specialties that exist in a community’s mental health center, would be replaced by a system

with expanded capacity to be responsive to mental health, behavioral health and substance abuse disorders. Alaskans won’t have to leave their communities and their natural systems of support to receive the right service at a low cost. In the end, outcomes for individuals will drive services instead of services being determined by what Medicaid will pay for.

Among the reforms being considered is the Social Security Act 1115 Behavioral Health Waiver, which allows states to

utilize innovative service delivery systems that improve care, increase efficiency and also strive to contain and reduce costs. This combined with SB74, provides an opportunity to enhance services and improve access while trying to finance the system more efficiently to create something that is sustainable long term.

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***“When we found out, it was pretty tough. Everyone goes through a grieving process and it seems terrible to say that, but it needs to be acknowledged. You’ve spent nine months envisioning one thing and now your path is going somewhere different. It took us a while to process what that meant for us. We had to step back and look at the here and now and what we can do to give him the best life possible.”***

***– Karli, Mother of Trust Beneficiary***

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Charlotte is raising her grandson in Sand Point, Alaska, while her daughter receives treatment for addiction. Charlotte found support working with a local counselor who helps her cope with challenges and stay healthy and strong for her grandson.

*“It’s hard as a parent because you go through guilt. You go through shame. You ask, ‘what did I do?’”*

## Criminal Justice Reform & Reinvestment

Just as with Medicaid reform, criminal justice reform is expected to have a significant impact on Trust beneficiaries. Senate Bill 91 (SB91), enacted by the Alaska Legislature in 2016, aims to reduce prison populations and the costs of criminal justice. Alaska currently spends more than \$330 million each year on corrections, up 50 percent since 2005.

Trust beneficiaries account for more than 40 percent of those incarcerated in Alaska each year. They also tend to stay in corrections longer and cycle through more frequently. For those committing felonies, the average stay for a beneficiary is double that of a non-beneficiary offender. For misdemeanors, their stay is 150 percent longer. Recidivism of Trust beneficiaries is nearly double that of other offenders.

According to a report on the prevalence of mental health beneficiaries in the state criminal justice system, “there are many reasons that people with mental illness find themselves in the corrections system: the closure of many state psychiatric hospitals, the introduction of restrictive managed care policies, the resistance of some people with mental illness to accept treatment or to continue with their medications once they are feeling better and the widespread abuse of substances.” Many individuals have limited access to services, treatment and support they need on the outside so the Department of Corrections (DOC), in effect, has become the state’s largest behavioral health provider. Reducing the cost of corrections must be accompanied by a build-out of the infrastructure, capacity and access to services in communities. The Trust, along with a host of

partners including the Walker administration and the Legislature, has been working on strategies to accomplish this.

### Reinvestment

One of the key features of SB91 is the reinvestment of some of the savings created by criminal justice reform back into the support services that prevent recidivism. SB91 calls for the reinvestment of \$99 million over six years in crime reduction programs, such as substance abuse treatment and services aimed at helping inmates re-enter society, with a focus on access to mental health and substance abuse treatment, housing and employment and community engagement.

### Pretrial diversion

As part of SB91, DOC has until January 1, 2018, to develop a pretrial diversion program. The Trust is actively engaged with the department in helping to frame this pretrial diversion program to ensure the needs of beneficiaries are taken into account.

As DOC works to develop and implement pre-trial services as outlined in SB91, the Trust and its stakeholders are working to ensure that Trust

beneficiaries are able to access these services and providers are trained to work adeptly with beneficiaries. It is important to the Trust to make certain beneficiaries are (1) swiftly identified for participation; (2) assured service priority and/or timely linkage to appropriate treatment and other services; and (3) effectively monitored.

### Re-entry

Another critical piece of SB91 is maintaining a focus on re-entry from prison back into society. The Trust allocated \$400,000 in FY17 to fund re-entry coordinators in Anchorage, Fairbanks, Juneau and Mat-Su. The Trust has been working to help create a pathway for Corrections and the community coalitions to share information as a mechanism for preplanning, so when an offender is released from prison, they get a warm handoff to someone in the community for monitoring and to make sure they’re engaged with the plan. Expansion of the program to other communities is expected in 2017.

### Alaska Criminal Justice Commission

Heightened by reports that the Alaska prison population was up 27 percent over the last



***“What I have found is that you have to be positive, you have to love them, don’t judge them and if they want help, get them help.”***

***—Charlotte,  
Mother of Trust Beneficiary***



decade, and that nearly two out of three offenders returned to prison or jail within three years, the Legislature began to look at evidence-driven criminal justice reforms that have been successful in other states. A bill passed in 2014 included a number of reform measures as well as a provision creating the Alaska Criminal Justice Commission. The law gave the Commission a broad mandate to examine the state’s criminal laws, sentences and practices. SB91 extended the life of the commission, which was going to sunset at the end of this fiscal year. The Trust will continue to advocate for efficiency and effective improvements in order for beneficiaries to have better outcomes.

**Alaska Justice Information Center**  
In the past year the Alaska Justice Information Center (AJiC) continued its work to provide the state with (1) an inventory of state-funded, adult criminal justice programs; (2) an enumeration of state-funded, adult criminal justice programs that are evidence-based; and (3) a rigorous analysis of the return on investment the state can expect from the adult criminal justice programs it is funding, either wholly or in part. The results of AJiC’s adult criminal justice program inventory and benefit-cost analyses will make an important contribution to the state’s evidence-based policy making efforts moving forward, in general, and to its criminal justice reform objectives, more specifically.

Mi Jung has a traumatic brain injury (TBI). Her first brain injury occurred at age 12 when she underwent surgery to remove a brain tumor. Her second injury occurred in 2014 after an assault. Because of her traumatic brain injury, Mi Jung suffers from poor memory, impaired balance and right-sided weakness. This has made a huge impact on her janitorial business and has led to her being homeless at times.



*“A lot of different people, in a lot of different ways, can have a traumatic brain injury. We all need support, every one of us.”*  
– Mi Jung, Trust Beneficiary

## Focus Areas

### Disability Justice

*Reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system.*

Due to their disabilities and 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. For 10 years, the Trust has included disability justice as a main focus area due to the overrepresentation of beneficiaries involved with the criminal justice system. However, recognizing the potential for collaboration, the Trust has dedicated more resources to these efforts as outlined on page 10.

### Housing and Long-Term Services and 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.*

Alaska is recognizing that housing is a critical component of health outcomes as well as employment and community engagement. Reform is an opportunity to refinance much of the services and programs that have historically been funded through general fund dollars. The Trust has been trying to move toward a more sustainable system for beneficiaries to be able to access these services. Peer support, supported housing, employment and community engagement are key elements that tie into criminal justice reform.

Long-term services and supports captures beneficiaries with developmental disabilities as well as Alzheimer’s disease and related dementia. One of the successes of the focus area is the Aging & Disability Resource Center. The Trust partners with the center, Department of Health and Social Services, Legislature and others on a pilot project called Alaska and Disability Resource Center (ADRC) First Pilot Project in seven communities. Kenai Peninsula Independent Living Center and ADRC piloted a pre-screening so individuals who



were seeking state-funded programs such as a personal care assistant were required to go to ADRC first. The ADRC would sit down with the individual to understand what support services they were seeking to be able to live in their community with the most independence. Too often people are unnecessarily driven to a higher care level, but by understanding what individuals really need, we can find natural supports to help meet that need.

Last year was the first time Alaska had an Assertive Community Treatment (ACT) team. ACT is an evidence-based best practice for serving individuals with serious mental illness as well as some co-occurring diagnoses. ACT is an interdisciplinary team which includes a clinician, nurse, case manager, housing specialist, employment specialist and peer support specialist

that address all of an individual’s needs in their community and support them through their recovery and avoid institutionalization.

**Beneficiary Employment and Engagement**

*Increase integrated employment, meaningful activities, training and peer-based recovery support programs.*

Beneficiary employment and engagement is comprised of tools and resources for beneficiaries, as they become young adults so they can access employment or vocational goals. This is an opportunity to give them hope that they actually have the ability to work or achieve vocational aspirations as well as potentially diverting them from going into corrections or cycling as many beneficiaries do. There hasn’t been an emphasis on supporting transition age youth until recently

with the passage of WIOA, the federal Workforce Innovation and Opportunities Act, which mandated that states put priority on supporting those individuals aged 16 to 24.

One of the biggest barriers around employment for beneficiaries is the fear they will lose their social security and Medicaid benefits. The Trust has invested time and money to create tools such as Disability Benefits 101 (DB 101), an online calculator and FWIN, Financial Work Incentive Navigator, a training that beneficiaries and their families, direct service workers, clinicians and professionals use to learn how going to work impacts benefits. DB 101 went live in September 2016.

The Achieving a Better Life Experience Act (ABLE) is a federal legislation that allows for people with disabilities to create savings accounts. Many groups worked to pass the legislation in Alaska and the Trust paid for the implementation costs. The savings accounts became available to qualifying Alaskans in December 2016.

**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 most costly health problems in Alaska.

Title 4 changes that passed in the 29th Legislature session addressed the consequences of a minor consuming alcohol. It moves the consequence from a misdemeanor charge, which may stay on their record and significantly harm their future, to one that may carry a fine but includes a process to implement an early warning system if a minor receives more than one incident. Fines can be reduced if the minor goes through a process of a screening and alcohol or drug assessment. The Trust is assisting in the development of a comprehensive bill for the upcoming legislative session.



Richard says he “can’t say enough” about the support he has received from Alzheimer’s Resource of Alaska, a Trust-funded organization whose goal is to assure quality of life for Alaskans and their families affected by the disease. “From Savvy Caregivers classes to support groups for people with Alzheimer’s like my mom and caregivers like me, Alzheimer’s Resource of Alaska is my lifeline. The staff genuinely cares about me and my mother and they do everything they can to support us and to prepare us for what’s to come.”

—Richard,  
Son of Trust Beneficiary

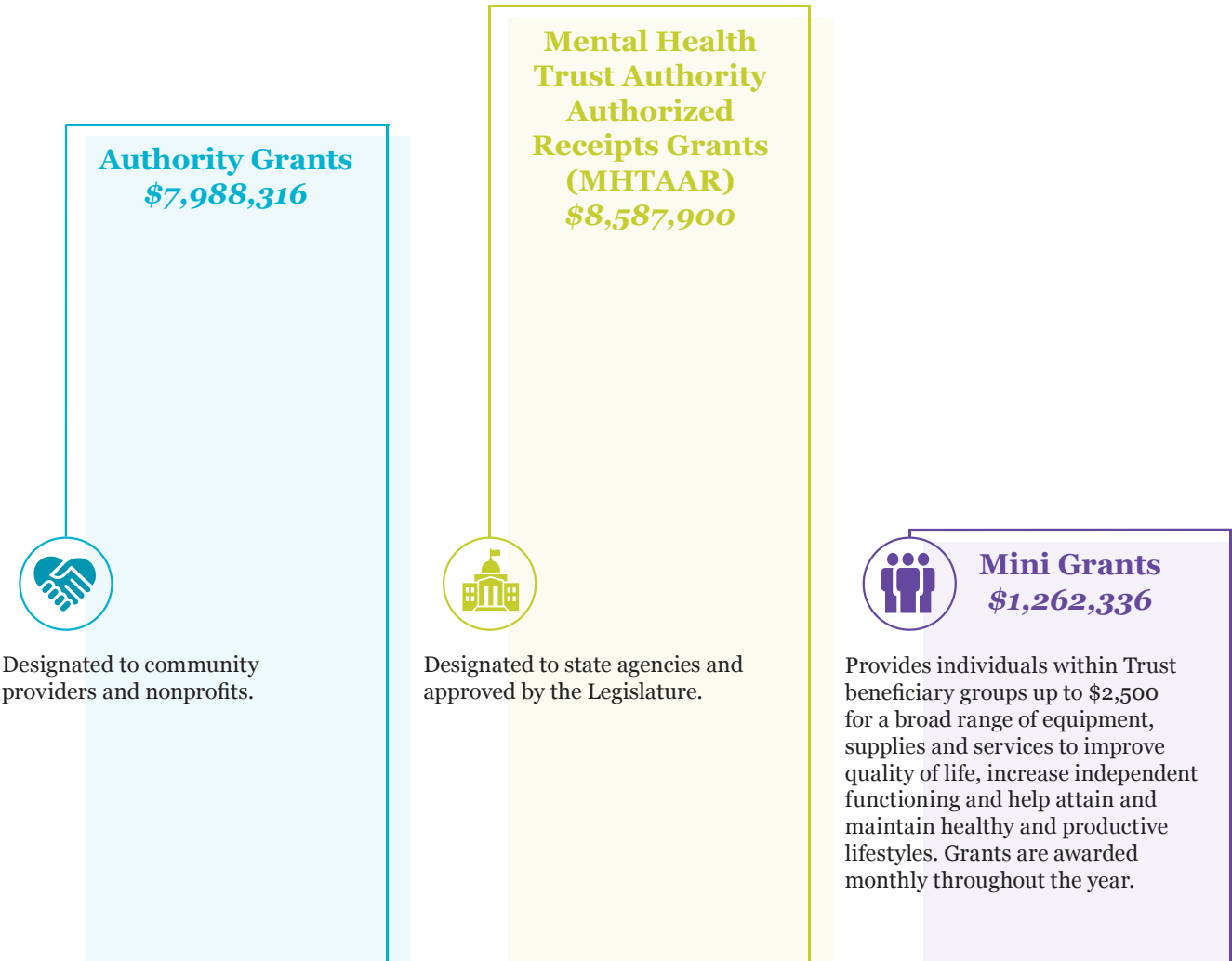


Richard Wright and his mother, Beverly, in his Anchorage home. Beverly has middle to late stage Alzheimer’s and Richard is her primary caretaker. “She needs constant care. I get her dressed, I brush her teeth and show her how to use the soap, every time. The heartbreaking thing about Alzheimer’s is that my mother is still the sweet, loving person she’s always been but she doesn’t remember things. It’s impossible to carry on a conversation with her because she doesn’t remember what you just told her. So she’s isolated and because I need to be with her 24/7, I don’t get to see my friends either.”



# Grant Making

The Trust designates a portion of its annual operating budget for grants to beneficiaries, nonprofits, service providers, tribal entities, governmental agencies and other groups that prioritize goals and initiatives consistent with the Trust’s mission. Grants are provided for a variety of purposes including capital, equipment purchases, capacity building, planning, outreach and conference sponsorships. In FY16 the Trust awarded \$17,838,552 in grants.



## EXAMPLES OF FUNDED PROJECTS AND CAUSES INCLUDE:

Catholic Social Services—Refugee Wellness Program, Alaska Community Foundation—Domestic Violence Shelter Improvements, Community Connections, Inc.—Resource Library and Alaska Multiple Sclerosis Summit.

Alaska Housing Finance Corp.—Homeless Assistance Program, University of Alaska Anchorage—Alaska Justice Information Center and State of Alaska, Department of Education and Early Development—Alaska Autism Resource Center.

Therapeutic devices, adaptive equipment and dental services.

# Trust Land Office

Upon resolution of the landmark settlement in 1994, management of Trust assets were segregated across multiple state agencies. The Trust was established within the Alaska Department of Revenue to administer the mental health programs. The management of land and other non-cash assets—primarily composed of land, real estate, timber, materials and subsurface oil, gas, coal and minerals—was assigned to the Alaska Department of Natural Resources (DNR) and the newly created Trust Land Office (TLO). The TLO was created as an office within DNR to effectively manage non-cash Trust assets separately from those under state ownership. The Alaska Permanent Fund Corporation was assigned management of the cash corpus as a commingled percentage of the Permanent Fund, upon a contribution of such funds by the trustees. A portion of the spendable income generated from the Permanent Fund is distributed to the Trust annually for programmatic purposes. The

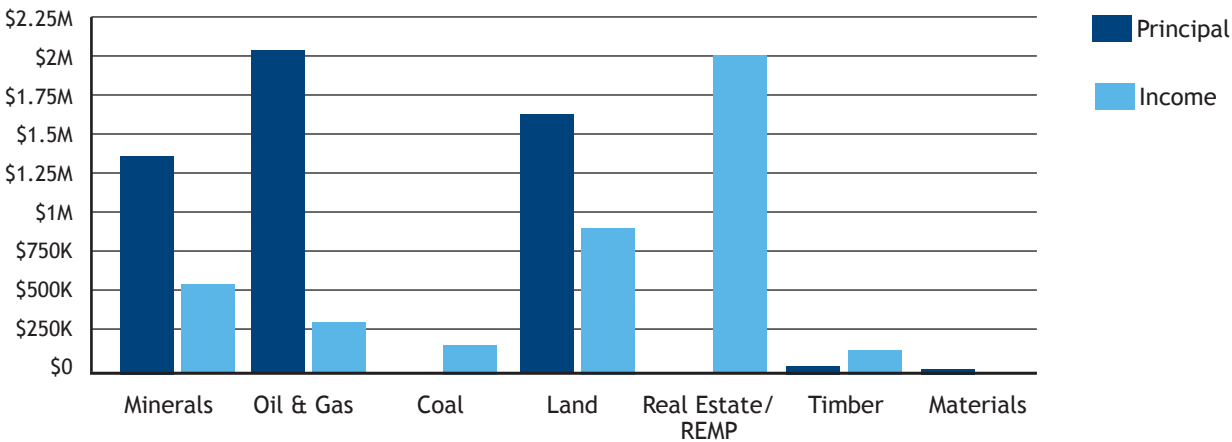
remaining funding for beneficiary programs is generated by the TLO.

## How the Trust Land Office Generates Revenue

The Trust Land Office generates revenue through land leasing and sales; real estate investment and development; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand gravel and rock sales; and other general land uses. Rents, fees and 15 percent of timber revenue from Trust land uses are considered “spendable income” and are available to the Trust for use in the following fiscal year. Land sale revenue, hydrocarbon and mineral royalties and 85 percent of timber revenue are considered “principal” and must be invested in other principal assets.

Visit [mhtrustland.org](http://mhtrustland.org) to learn more about TLO and view their 2016 annual report.

Trust Land Office FY16 Revenue





# Financials

The Alaska Mental Health Trust Authority and 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 leverages relationships with 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 (APFC), which is tasked under Alaska statute with managing Trust principal while the Department of Revenue Treasury Division manages a portion of the Trust’s budget reserves. The Department of Natural Resources Trust Land Office (TLO) manages the “non-cash” assets which constitutes approximately one million acres of land located throughout the state as well as high quality directly-owned real estate in Texas, Utah, Washington and Alaska. The TLO generates revenue for the Trust through contracts, leases and agreements associated with both renewable and non-renewable assets including land, timber, real estate, oil, gas, coal, minerals and materials.

Earnings on the Trust’s investment balances managed by APFC and Treasury totaled \$3.9 million during FY16. This represented a \$19 million decrease from prior year returns which experienced \$22.9 million in combined revenues.

Fiscal year 2016 proved to be another year of global volatility which dampened investment returns. Investment income net of operating expenses from investments managed by APFC fell to \$3.4 million during the year (a decrease of \$18 million from the prior fiscal year).

The APFC investment yield was 1.02 percent, lagging the benchmark by 55 basis points. Infrastructure and other real asset holdings managed by APFC were exceptional bright spots, returning 17.6 percent. Private equity and real estate managed by APFC also performed well, returning 14.4 percent and 12.6 percent, respectively. On the other side of the pendulum, exposure to Special Opportunity and International Equity introduced a significant drag on performance with negative returns of -18.7 percent and -9.4 percent, respectively. After withdrawing the \$20 million base payout, Trust investments managed by APFC totaled \$445.2 million at the close of the fiscal year.

Investments managed by Treasury returned 1.33 percent overall, exceeding its benchmark by 73

basis points. Fixed income investment returns at Treasury returned 6.37 percent for the fiscal year, tampered by foreign equity exposure which returned -7.29 percent. Budget reserves managed by Treasury at year end totaled \$39.2 million.

The balance of Trust revenues are primarily attributable to TLO activities, which contributed over \$12 million in revenue, representing a slight decrease from the prior year, reflecting continued weakness in global commodity prices that also affect the value of Alaska’s natural resource base. The TLO has recently been directed by trustees to develop and implement a plan to quintuple the income revenue generated by the TLO within 20 years to mirror the relative annual payout that the Trust withdraws from investments under the management of the APFC.

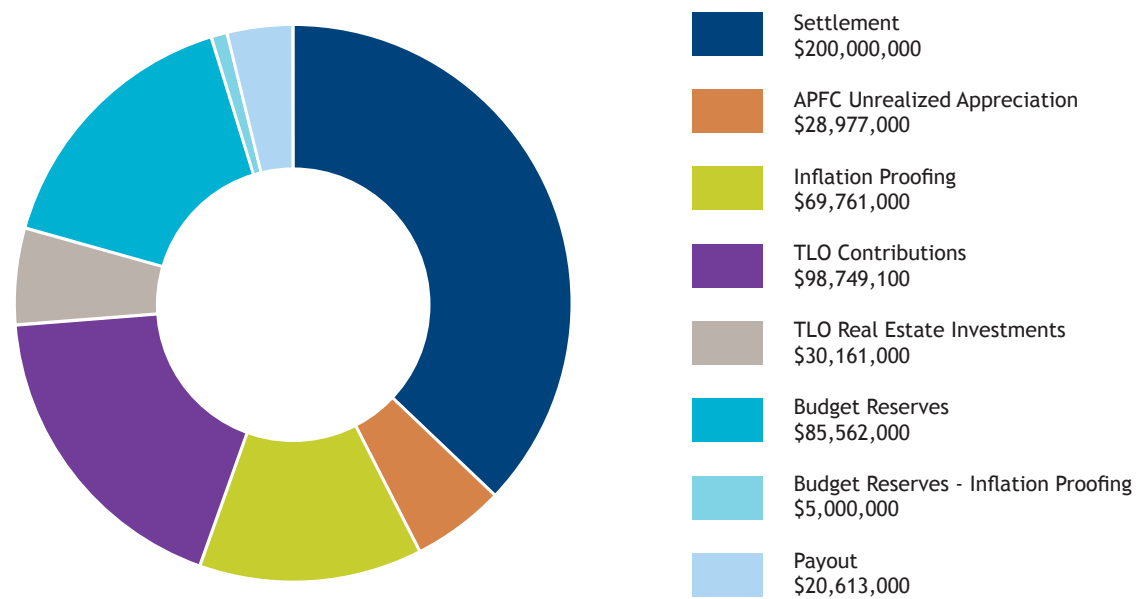
In recognition of the fact that significant volatility will sometimes be experienced in the Trust’s investment and commodity-based revenues, the Trust utilizes a stable program funding model so as to ensure program continuity, based on the following:

- 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

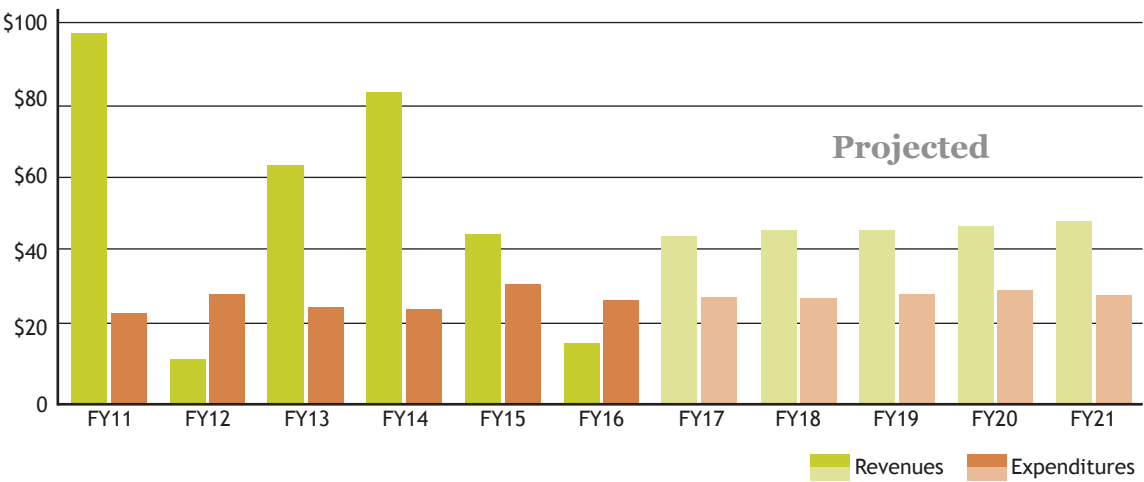
This conservative methodology ensures relatively stable cash flows from year to year so that important work in improving the lives of beneficiaries will continue perpetually.



Trust Cash Assets at End of FY16



Revenues & Expenditures  
(in millions)



The FY16 numbers above are reflective of the financial report provided prior to the completion of the Trust’s annual audit.

Board of Trustees

- Russ Webb, Chair
- Mary Jane Michael, Vice Chair
- Larry Norene, Secretary/Treasurer
- Laraine Derr
- Paula Easley
- Jerome Selby
- Carlton Smith

Trust Advisors

- Advisory Board on Alcoholism 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

Approximate Number of Trust Beneficiaries

- Mental illness: 34,000
- Developmental disabilities: 13,000
- Chronic alcoholism and other substance-related disorders: 20,000
- Alzheimer’s disease and related dementia: 6,000
- Traumatic brain injury: 12,000



# Trust

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Alaska Mental Health  
Trust Authority

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