Trust
Alaska Mental Health
Trust Authority

2020 ANNUAL REPORT
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This report features pieces by the following Trust beneficiary artists.

**André Hogg**  
*Anchorage, Alaska*  
André has enjoyed making art all of his life and has been taking art classes at the Arc of Anchorage since 1994. His paintings and drawings are often done in a series, focusing on a single theme such as stripes, cars, and animals. André, who experiences intellectual and developmental disabilities, draws inspiration from people and from images found in nature magazines. “My favorite part of making art is the process and learning new techniques. Art has given me a way to express myself and just be in the moment, enjoying the process of creating.”

**Christian Andres Jones**  
*Juneau, Alaska*  
Christian experiences mental illness and is currently residing in a REACH group home with three housemates. As an artist, he especially enjoys drawing and working with clay. He creates his art at Canvas, a REACH community engagement program serving people who experience disabilities.

**Herb Spencer**  
*Anchorage, AK*  
Herb grew up primarily in Eureka, California and discovered painting while stationed in Hawaii in the Marine Corps. In addition to painting, he has also enjoyed building things and has done some carving.

Experiencing Alzheimer’s-related dementia, Herb became sad and angry when his paintings did not come out like he wanted as his dementia progressed, causing him to stop painting on canvas. While at Art Links at Alzheimer’s Resources of Alaska, staffers brought Herb some rocks to paint one day and he hasn’t stopped painting them since.

Herb relies on the service provided by his home caregiver because he cannot be left alone and his wife, Linda, works.
In 2015, Jon suffered a concussion and then post-concussion syndrome. As a result, he was unable to work and experienced headaches, stuttering, and trouble finding words. During recovery, Jon suffered from anxiety and depression and couldn't do the activities he used to enjoy. Having never painted before his injury, Jon shares, “Out of frustration and boredom, I picked up a discarded paint kit and found I could paint without increasing my headaches. I have been painting ever since.”

Jon has relied on several services since his injury including neuro-feedback treatment at Providence Behavioral Health services, the care of Dr. Miller at Alaska Neurology, and counseling at Psychology Resources.

In his post-concussion art, Jon attempts to “evoke a sense of wonder in [his] paintings, inviting the viewers to discover what’s just around the corner, often focusing on passages of light.” He enjoys painting because it allows him to share what is beautiful in the world.

Jon’s painting is featured on the cover of this report.

Wayne Price
Juneau, Alaska

Originally from Haines, Wayne is a Master Carver and Associate Professor of Northwest Coast Arts at the University of Alaska Southeast, where he currently teaches traditional carving and design. He says that recovery from substance use has provided him “joy of culture, community, work, recreation, creativity, health, and wellness.” Wayne feels that making traditional art connects him to his 10,000 year old Tlingit history. “Every day I am inspired and stimulated through my art, and reminded that I bear a torch of my Tlingit culture for its ongoing survival into the present day and future.”

A few of Wayne’s carvings are featured throughout the report.
For the Alaska Mental Health Trust Authority (Trust), 2020 brought both the need to meet unexpected challenges following the onset of COVID-19, and to continue the long-standing work of improving Alaska’s system of care and support for Trust beneficiaries.

With a mission to improve the lives and circumstances of our beneficiaries - Alaskans with mental illness, developmental disabilities, chronic alcohol or drug addiction, Alzheimer’s disease and related dementia, and traumatic brain injuries - the Trust remains committed to our role as a catalytic investor supporting innovation, pilot projects, and practical and effective solutions to the challenges faced by our behavioral health system. Thanks to the prudent leadership and direction from the board of trustees, we continue to advance projects and initiatives that align with our priorities and to effectively leverage Trust funds to maximize state, federal, and philanthropic spending.

While we know that much work remains to ensure that our beneficiaries have access to the services they need to thrive, we have been heartened by the commitment of our partners. They have creatively and passionately maintained service delivery despite the constraints of the pandemic, and continue to apply their expertise to system improvements. We have supported our partners through grant funding, awarding more than $21 million in grants in fiscal year 2020, and with ongoing advocacy and policy efforts on behalf of our beneficiaries. Special attention and funding was provided to supporting our partners and service providers in response to the COVID-19 emergency.

Despite pandemic-related difficulties this year, the Trust, in concert with the Alaska Department of Health and Social Services and many partners, made significant progress in efforts to implement improvements to our state’s system responding to individuals experiencing a behavioral health crisis. For those experiencing a psychiatric crisis, initial steps to implement system changes from a law enforcement response to more appropriate services are underway in Anchorage, Fairbanks, and the Mat-Su, and stakeholders statewide are being engaged. We look forward to continuing this effort to prevent suicide, reduce the use of emergency rooms and jails in response to a mental health crisis, and to provide the best supports for those individuals in such crises.

As we look to the year ahead, we will continue to inform the public and policy makers about the needs of the Trust’s beneficiaries, our work to grow the Trust’s financial resources for our current and future beneficiaries, and to collaborate with our valued partners to create a system in which our beneficiaries have access to the right level of service, at the right place, at the right time.

Christopher R. Cooke, Board Chair
Mike Abbott, Chief Executive Officer
About the Trust

The only organization of its kind in the U.S., the Alaska Mental Health Trust Authority (Trust) is a state corporation that maintains a unique position in Alaska’s government. Our funds, similar to a private foundation, are self-generated and granted to projects, partnerships, and programs that promote long-term systematic change and improve the lives and circumstances of Trust beneficiaries. Beneficiaries of the Trust include Alaskans who experience mental illness, developmental disabilities, substance use disorders, Alzheimer’s Disease and related dementia, and traumatic brain injuries.

In addition to granting funds, the Trust also provides leadership in advocacy, planning, and the implementation of beneficiary services and programs. The Trust is overseen by a seven-member board of trustees who are appointed by the Governor and confirmed by the Alaska Legislature. Trustees are authorized to spend Trust income without legislative appropriation. They also recommend operating and capital budget expenditures each year to the Governor and Legislature to support Alaska’s Comprehensive Integrated Mental Health Program Plan and to meet identified needs of Trust beneficiaries.

THE TRUST LAND OFFICE
The Trust Land Office, a special unit within the Department of Natural Resources, contracts exclusively with the Trust to manage the organization’s approximately one million acres of land and other non-cash assets with the sole purpose of generating revenue to support programmatic work on behalf of Trust beneficiaries.

HISTORY
Prior to statehood, there were limited services in the Territory of Alaska for anyone experiencing mental illness, addictions, or other mental disabilities. In 1956, Congress transferred responsibility for providing mental health services from the federal government to the Territory and, ultimately, the State of Alaska. One million acres of land were a part of this transfer of responsibility, establishing the Alaska Mental Health Trust. These lands were to be managed to generate income for a comprehensive integrated mental health program. However, in a class action lawsuit ruling in 1984, the Alaska Supreme Court determined the State had breached its fiduciary responsibility to manage Trust land. In 1994, after many years of litigation, in a final landmark settlement the Alaska Mental Health Trust Authority was established, the million acres of land reconstituted, a $200 million cash payment from the State was made and invested with the Alaska Permanent Fund Corporation, and an independent board of trustees was established to oversee the cash and non-cash assets of the Trust.

Trust Statutory Advisory Boards

- Advisory Board on Alcoholism and Drug Abuse
- Alaska Commission on Aging
- Alaska Mental Health Board
- Governor’s Council on Disabilities & Special Education
Trust 2020 Highlights

TRUST COVID-19 RESPONSE
Following the onset of the COVID-19 pandemic in the spring of 2020, trustees moved quickly to approve $1.525 million for the Trust’s COVID-19 response grants.

The Trust’s COVID-19 Response Grant Program, launched at the beginning of the pandemic, provided awards up to $25,000 to organizations whose ability to provide crucial services to Trust beneficiaries was suddenly and drastically impacted by the pandemic. Trust beneficiaries represent many of Alaska’s most vulnerable populations, and the more than 70 individual grants awarded through this program helped organizations in 20 communities across Alaska maintain operations and the provision of essential supports and services. Because the Trust has the ability to immediately approve funding, it was able to provide this financial support as other state and federal relief programs were still ramping up. Trust COVID-19 response grants allowed for the purchase of supplies like PPE and tablets/computers to help clients stay connected to their service providers virtually and help ensure Trust beneficiaries had access to safety net services that kept them housed, fed, safe, and able to continue to access essential supports and services like mental health and substance use treatment.

IMPLEMENTING THE CRISIS NOW MODEL IN ALASKA
Starting in late 2019, the Trust began providing project management support to plan and implement improvements to Alaska’s behavioral health crisis system of care using the Crisis Now framework as a guide. This nationally recognized framework includes a crisis call center, centrally deployable 24/7 mobile crisis teams, and 23-hour and short-term crisis response centers for stabilization. All too often our current system relies on law enforcement, the criminal justice system, and hospital emergency rooms to respond to an individual in crisis and/or demonstrating suicidal risk factors. The Trust is leading a stakeholder-driven process with leaders in Anchorage, Fairbanks, and the Mat-Su to implement components of the Crisis Now framework so that Alaskans experiencing a mental health crisis get the right care, in the right setting, when they need it — just like what we expect for individuals experiencing a physical health crisis.

With this framework in place, individuals experiencing a crisis will have supports they need in less restrictive and more comfortable environments. It will also reduce reliance upon emergency departments and reduce law enforcement involvement that unnecessarily ties up public safety resources.
Comprehensive Mental Health Program Plan Implementation

Finalized in 2019 by the Alaska Department of Health and Social Services (DHSS) in partnership with the Trust, *Strengthening the System: Alaska’s Comprehensive Integrated Mental Health Program Plan*, serves as a blueprint for our State’s planners and service providers as they apply resources and talent to improve the lives of Trust beneficiaries.

*Strengthening the System* defines nine goals, each with corresponding objectives and strategies to create a comprehensive mental health program in Alaska.

Working in concert with DHSS, the Trust is finalizing a scorecard that will monitor progress on the plan’s goals as it is implemented and will serve as a tool to inform decision making. The plan’s first scorecard is anticipated to be released in early 2021.

The complete plan and supporting materials can be found on the DHSS and Trust webpages.
The Trust and Public Policy

One of the duties of the Trust is to educate the public and policymakers on beneficiary needs. As such, in addition to our role as a grantor, the Trust applies resources to public policy and systems change efforts. Trust leadership works closely with beneficiaries, community providers, and the tribal health system to advise lawmakers and the State on funding and policies that impact Alaska’s continuum of healthcare. The Trust, with its partners, offers a statewide voice advocating for programs and laws that will improve outcomes for Trust beneficiaries.

MEDICAID
Following a trustee approved, multi-year $10 million Trust investment supporting efforts to reform Alaska’s Medicaid program, the State has realized significant success. Most notably, State spending on the Medicaid program since reforms were initiated by SB 74 in 2016 has been flat or reduced even as more Alaskans have enrolled in the Medicaid program each year. There are approximately 250,000 Medicaid enrollees currently in Alaska. In FY 2020 there were increased reimbursements for cost-saving telemedicine services, particularly for behavioral health services.

A significant part of Medicaid reform efforts was the implementation of the 1115 Behavioral Health Waiver, which expands Trust beneficiaries’ access to mental health and addiction services. The Trust will continue to work with the Department of Health and Social Services and partners to support success as an increasing number of service providers take advantage of the waiver to offer new services to expanded populations.

BENEFICIARIES IN THE CRIMINAL JUSTICE SYSTEM
Since 2005, trustees have directed staff and funding resources to efforts that keep beneficiaries from entering the criminal justice system, help meet the treatment needs of beneficiaries who are incarcerated, and support beneficiaries who are transitioning from jail back into their communities. In addition to supporting the creation and expansion of mental health courts in Alaska, the Trust champions policies, programs, and other supports that provide public safety officials with tools and resources to better respond to individuals experiencing a mental health crisis, allowing law enforcement to divert beneficiaries away from the criminal justice system when appropriate. The Trust also provides resources for the Department of Corrections’ mental health services, in-reach by local service providers, and discharge planning for inmates, as well funds and advocates for reentry coalitions in communities across Alaska that support beneficiaries as they exit incarceration and that help reduce Alaska’s rates of recidivism.

WORKFORCE
Understanding the important connection between existing and anticipated shortages in our behavioral healthcare workforce and Trust beneficiaries’ access to care, the Trust is engaged in healthcare workforce initiatives such as the expansion of SHARP-3, a Trust-supported student loan repayment and recruitment program which recently expanded eligibility. The Trust also supports workforce related policies that expand access to care, such as recent statutory changes allowing Licensed Professional Counselors to provide services under Medicaid reimbursement.

COMMUNITY-BASED SERVICES
The Trust remains a strong advocate for maintaining crucial services for our state’s most vulnerable populations. The Trust firmly believes the provision of services and supports to meet the needs of Trust beneficiaries should be provided as close as possible to their identified family and community, and in a manner that integrates them, not isolates them, within their community. Examples of community-based services include housing assistance, assisted living, family caregivers, case management, education and training for providers and caregivers, peer support, transportation, and mental health and substance abuse treatment. These services typically cost significantly less than institutional care and allow beneficiaries to attain services in the least restrictive environments.
Grant Making

A majority of the Trust’s annual budget is designated for grants to nonprofit organizations, service providers, tribal entities, governmental agencies, and other groups that serve Trust beneficiaries. Grants are awarded statewide and throughout the year. In FY 2020 the Trust awarded more than $21 million in grants.

For a complete list of Trust grants made this year, see the FY 2020 Trust Grant Investments document on our webpage.

GRANTS TO PARTNERS

Understanding that any real improvements to beneficiary outcomes will require collaboration and partnerships, the Trust works closely with organizations across Alaska to fund capacity building and pilot projects, equipment purchases, planning efforts, outreach, and conference sponsorships through authority grants.

The Trust also provides grants to various State agencies that provide supports and services to beneficiaries, referred to as Mental Health Trust Authority Authorized Receipt (MHTAAR) funds. State agencies must obtain legislative approval to receive and expend these funds.

MINI GRANTS TO INDIVIDUALS

More than 1,000 beneficiaries received an individual or “mini” grant in FY 2020. These individual grants are administered through partner agencies and are awarded monthly throughout the year. Mini grants of up to $2,500 per award may be used for a broad range of equipment, supplies, and services to improve quality of life, increase independent functioning, and help to attain and maintain healthy and productive lifestyles. Mini grants can also be used for some beneficiary dental services not covered by Medicaid.

A young Trust beneficiary experiencing a developmental disability and living in a rural community within the Bering Straits region had difficulty accessing his community because of his disabilities. His family members often had to carry him on their backs while outside of their home due to the difficult terrain. Mini grant funds were awarded to purchase a specialized stroller that allowed the young boy and his family to safely access their community.

A Trust beneficiary experiencing increasing dementia from Soldotna is mostly non-verbal. With a Trust mini grant, her caregivers were able to purchase a therapy baby doll and other stimulus activity tools. Her caregivers have shared that the doll, radio, and other activities have been a big success and have significantly helped with the beneficiary’s anxiety.
Focus Area: Mental Health & Addiction Interventions

Substance abuse and addiction constitute the largest preventable and most costly health problems in Alaska. Trust beneficiaries experience negative health outcomes caused by drug and alcohol addiction, and providers, first responders, and emergency rooms are stressed with meeting the needs of those struggling with addiction.

There is also substantial cost to the economy. Based on a 2019 Trust-commissioned McDowell Group study on the economic costs of drug and alcohol misuse in Alaska, drug and alcohol misuse costs the State’s economy approximately $3.5 billion each year.

Trust staff are working with partners across the state to help ensure beneficiaries have timely access to effective addiction interventions and treatment, including medication assisted treatment, in communities as close to home as possible. It is essential that Alaska has statewide capacity and availability of treatment when an individual is ready for it, as such, the Trust has funded efforts to increase treatment capacity in Alaska.

2020 GRANT: AKEELA House Expansion

The Trust awarded Akeela, Inc. a grant to support capital renovations and start-up costs to expand the capacity of their midtown Anchorage residential addiction treatment facility from 20 to 36 residential beds (16 bed increase). With many beneficiaries on a waiting list for services, the expansion provides new, much needed capacity to meet local and state demands for addiction treatment. This Akeela partnership exemplifies how the Trust leverages grant-making with community-based organizations to enhance or expand the continuum of behavioral health services available in Alaska to serve Trust beneficiaries.

2020 GRANT: SeaView Community Services

SeaView Community Services in Seward, Alaska received Trust funding to support an expansion of their Recovery Housing Program. The grant supports an increase from 10 to 20 beds to create pathways to treatment and safe housing for Alaskans impacted by addiction. This expansion is anticipated to serve an additional 30 Trust beneficiaries who experience addiction and mental illness each year, and will reduce the waitlist for safe, sober, and stable housing for individuals engaged in addiction treatment.
Focus Area:
Housing and Home & Community-Based Services

The Trust concentrates efforts on ensuring beneficiaries have access to a continuum of services and supports in their home and community.

Having access to home- and community-based services provides beneficiaries maximum independence, autonomy, and dignity. These supports assist a person with their activities of daily living (eating, bathing, etc.) and instrumental needs of independent living (making phone calls, paying bills, managing medication). Equally important as access to these services is that these services be person-directed, meaning that individual beneficiaries can express choice and practice self-determination in meaningful ways.

The Trust is also a leader and strong supporter of efforts to prevent and end homelessness, recognizing that a person must have the safety and security of a place to live before they can commit to consistent treatment and recovery of health and behavioral health conditions, reduce or eliminate substance use, obtain employment or education, or meet other goals.

2020 GRANT: Juneau Benefits Advocacy Project

The Juneau Benefits Advocacy Center, operated by the Disability Law Center of Alaska, assists Trust beneficiaries in Juneau with applying for Social Security benefits. This project gives people in Juneau access to subject matter expertise that would otherwise be unavailable. The target population includes people with disabilities who are homeless or at risk of becoming homeless, people with a mental health or substance use disorder, incarcerated individuals transitioning into the community, and other Juneau residents who need support in applying for federal benefits. The direct experience of service providers reveals that individuals with a disability need assistance accessing Supplemental Security Income or Social Security Disability Insurance (SSI/SSDI) benefits to stabilize their lives, including assistance throughout the application process. SSI/SSDI provides the ability for people with disabilities to obtain income to secure housing, healthcare, food, and other important benefits that provide for personal safety, independence, and well-being. SSI/SSDI benefits, in concert with other programs, can help individuals experiencing homelessness transition into stable and permanent housing.

2020 GRANT: Bethel Winter House

The Bethel Winter House (BWH), a homeless shelter in Bethel, is remodeling a building that will be the first permanent space dedicated to the shelter. For the past seven years BWH has operated seasonally with leased space and volunteers. The project has many contributors including the City of Bethel, which transferred the building and land to the project. This project will provide Trust beneficiaries in the homeless population, and others experiencing homelessness in the Bethel area, with a safe and secure shelter, food, and hygiene supplies. There are promising partnerships being discussed for local agencies to rent out office space (not used by the shelter) to improve operational sustainability and allow the shelter to operate year-round.
Focus Area:
Disability Justice

The disability justice focus area is aimed at reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system. 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 the reality that community treatment and support systems often cannot provide necessary supports.

Each year, hundreds of beneficiaries experiencing a behavioral health condition or disability are incarcerated for their safety without being charged with a crime because adequate service alternatives do not exist in the community.

Thousands more are arrested for offenses resulting from behaviors associated with symptoms of their mental disorders.

Beneficiaries account for more than 40% of those incarcerated each year, tend to stay in corrections longer, and cycle through the criminal justice system more frequently.

In addition to working to prevent beneficiaries from entering the criminal justice system, the Trust invests in reentry efforts in communities across Alaska, knowing that access to community supports and services reduces recidivism.

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2020 GRANT: Interpersonal Violence Prevention

The UAA Center for Human Development (CHD) manages the Interpersonal Violence Prevention for Beneficiaries program (aka the Friendships and Dating Program). This project trains community providers as facilitators to deliver a curriculum of social skills for developing meaningful relationships and preventing interpersonal violence among or against beneficiaries with intellectual and developmental disabilities, and youth with serious emotional disturbance. CHD and provides ongoing clinical technical assistance. Data shows that after completing the program’s 10-week curriculum, beneficiaries experience an increase in the average size of their positive social networks and a 50% decrease in incidents of interpersonal violence.

2020 GRANT: Discharge Incentive Grants

Trust funds for the Discharge Incentive Grant (DIG) program, provided to the Department of Corrections and to the Department of Health and Social Services, Division of Behavioral Health via the Alaska Housing and Finance Corporation, supports the housing component of release planning for incarcerated Trust beneficiaries who experience severe and persistent mental illness (SPMI) and other cognitive and co-occurring disorders. The DIG program is used directly for housing or rent for individuals with SPMI who have a high likelihood of experiencing homelessness due to their condition and limited/lack of income. A big part of the success of the DIG program is the network of community housing providers who understand that community support and a safe place to stay upon release is a significant factor in beneficiary reentry success. This partnership program has resulted in a 23.5% recidivism rate for participating beneficiaries, which is significantly lower than the average recidivism rate of 59%.
Focus Area:
Beneficiary Employment and Engagement

Meaningful employment and engagement can be critical elements in the lives of Trust beneficiaries. Work is an essential part of wellness and self-sufficiency for individuals experiencing disabilities, and has a positive impact on self-esteem, life satisfaction, and improved mental health. Similarly, meaningful community engagement opportunities reduce isolation.

Alaska is an Employment First state, meaning that integrated, competitive employment in the general workforce should be the first and preferred option for individuals with disabilities receiving assistance from publicly funded systems. Data demonstrates that Trust beneficiaries are underrepresented in integrated employment settings with competitive wages. Through the Employment First philosophy, the Trust works with State and community partners to promote individual and family self-sufficiency through employment and educational opportunities and to sustain cultural values.

2020 GRANT: Pre-Employment Transition Services – Transition Camps

The Division of Vocational Rehabilitation’s Pre-Employment Transition Services (Pre-ETS) supports beneficiary youth during their final years of school as they prepare for the workforce. With Trust grants administered by partner agencies such as SERRC (Southeast Regional Resource Center) and SAIL (Southeast Alaska Independent Living), federally funded Pre-ETS services were expanded to serve additional beneficiary students in more rural communities throughout Alaska. An example of this successful multi-agency partnership is specialized Transition Camps, which utilize a team of highly qualified special education professionals from SERRC. Trust funds enable students participating in Transition Camps to be fully immersed in the weeklong experience by offering housing support and other related support services as they engage in community exploration including presentations by businesses, postsecondary education, and vocational training providers that help students develop a vision for their future.

2020 GRANT: Peer Support

Peer support is a growing field within mental health wherein an individual with lived experience supports others in recovery. With Trust funding, Alaska Behavioral Health integrated peer support professionals into their teams in both Anchorage and Fairbanks and provided training for the peer support workforce statewide. This project is increasing access to peer-led recovery-oriented services in conjunction with clinical mental health services. Integration of peer services is based on evidence and the organizational belief that beneficiaries benefit from peer support in all avenues of wellness and recovery. The program offers new opportunities for gainful and meaningful beneficiary employment.
WORKFORCE
The Trust is working with stakeholders to meet existing and future workforce needs, knowing that trained health and behavioral healthcare workers are necessary for accessible and quality care and services. Trust beneficiaries rely on services from community-based organizations, clinics, Tribal Health System providers, and hospitals.

Trust-supported workforce efforts include funding for student loan repayments and incentives offered through the State’s SHARP program administered by the Department of Health and Social Services, support for a variety of university efforts, training and technical support for direct service professionals, and introducing Alaska’s youth to careers in behavioral healthcare.

EARLY CHILDHOOD INTERVENTION & PREVENTION
We are increasingly aware of the critical opportunities and threats to the lifelong mental and physical health of our population during the earliest years. The Trust recognizes the significance of early childhood experiences on an individual’s lifelong mental and physical health and understands that positive interventions in early childhood can positively alter the life course trajectory of a potential Trust beneficiary. The Trust is supporting initiatives that apply evidence-based practices to help prevent the youngest Alaskans, when possible, from becoming Trust beneficiaries.
Trust funding supported the Health Testbed for Innovative Enterprises (Health TIE), a business accelerator/innovation hub working with health and social service organizations and entrepreneurial partners to find strategic workforce solutions for improving the recruitment and retention of much-needed health field professionals like Direct Service Professionals (DSP), which is a critical workforce serving Trust beneficiaries. By bringing together industry leaders from the medical, behavioral health, university, entrepreneurial, and technology fields, Health TIE can leverage funding streams to address industry challenges and support solutions for improved care. The DSP “Hire” app developed through this initiative is a great example of how experts in technology, with guidance from the Alaska Association of Developmental Disabilities (AADD), were able to design an online application that streamlines the recruitment, hiring, and deploying of DSP staff to beneficiary-serving agencies across the state of Alaska.

The Trust is partnering with the Alaska Association of Infant & Early Childhood Mental Health on a multi-year training initiative called Project Compass which develops and delivers trauma-informed, evidence-based training to prepare mental health and allied professionals to improve the mental health of Trust beneficiary families with young children. Project Compass researches and lists quality trainings available from around the state and country, and has worked with partners to expand features in the Alaska Training Cooperative’s online training catalog to enhance its relevance to the infant and early childhood mental health workforce.

Programs for Infants & Children (PIC) is a key Trust partner providing early intervention services to young beneficiary families in the Anchorage and Lake Iliamna areas. As the COVID-19 crisis escalated in spring 2020, PIC rapidly responded to the changing service delivery needs of young beneficiaries by using Trust funds to purchase technology and critical connectivity for families. As the usual face-to-face therapeutic visits with beneficiary infants and toddlers were no longer possible, PIC quickly converted to telepractice to ensure families continued to receive needed support to help their children achieve their goals.
Trust Land Office Revenues

- Minerals and Materials
- Coal, Oil, and Gas
- Lands
- Timber
- Real Estate

FY20 FY19 FY18 FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10

$0 $3,000,000 $6,000,000 $9,000,000 $12,000,000 $15,000,000 $18,000,000

ANNUAL REPORT 2020
The Trust Land Office

The Trust Land Office (TLO) is a unit within the Alaska Department of Natural Resources. Its singular role is to manage the Trust’s one million acres of land and other non-cash assets to generate revenue to support the Trust’s work on behalf of beneficiaries. Decisions approving use of Trust lands and resources are made solely in the best interest of the Trust and its beneficiaries, in line with Trust principles.

The TLO manages land within several asset classes: land, minerals and materials, energy, forests, real estate, and mitigation marketing.

Revenue-generating uses of Trust land include land use authorizations and sales; commercial real estate; timber sales; mineral exploration and production; coal, oil, and gas exploration and development; sand, gravel, and rock sales; and other general land uses.

Effectively managing Trust land assets requires both diligent analysis and constant coordination across the asset classes in order to determine the highest and best use of Trust lands.

WHERE ARE THE TRUST’S LANDS?
There are Trust parcels in Southcentral, Southeast, and Interior Alaska.

The Trust Land Office (TLO) maintains an online, interactive mapping tool that displays the location of, and information pertaining to, Trust lands in Alaska.

Visit the Trust’s webpage to access the TLO’s interactive map and other resources related to Trust lands: alaskamentalhealthtrust.org/landsmap.

$20 Million Sale of the Juneau Subport Property Finalized

In 2020, the Trust Land Office closed the $20 million sale of the Trust’s waterfront Juneau Subport parcel to Norwegian Cruise Lines. Revenue generated from this parcel sale, the largest in the Trust’s history, has been deposited into the Alaska Mental Health Trust Fund.

As a result of this $20 million increase in the Trust Fund, considering the 4.25% withdrawal from the fund to support each year’s budget, approximately $800,000 in additional funds will be available for spending on Trust beneficiary-serving programs each year going forward. Revenue from the sale of the Subport will be reflected in FY21 financials.
**Land Assets**

Management of the Trust's surface estate generated $3.7 million in revenue, not inclusive of real estate transactions, during FY 2020. The most significant portion of this revenue is derived from land sales, but revenue is also earned through leases, interest on land sale contracts, licenses, and easements.

In addition to continuous over-the-counter land sales, which generated $536,000 in revenues in FY 2020, the TLO also holds a competitive land auction of select parcels each fall. The FY 2020 auction resulted in $618,000, a 17% premium over the minimum bid for parcels sold. The TLO entertains negotiated sales of Trust land assets and will work with an interested party to determine if a parcel’s sale is in the best interest of the Trust and its beneficiaries.

While the TLO has generated over $124 million in land sale revenue since 1994, less than 3% of the land from the original million-acre entitlement has been sold and conveyed.

The TLO is also tasked with preserving and protecting the value of Trust resources and prioritizes protecting the long-term productivity of Trust surface lands until they are converted into a cash asset.

Two new revenue generating programs using Trust land launched in 2020. Both programs support Trust land use principles.

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**Trust Big Game Guide Permit Program**

The Big Game Guide Permit Program offers big game hunting guides an exclusive opportunity to run hunts on remote tracts of Trust land. These competitive permits generate maximum revenue for the Trust and open more of Alaska to big game guiding. This program provides the Trust with revenue that had been unrealized in the past and has a land stewardship benefit by ensuring a responsible presence on remote Trust land.

**Trust General Permit for Land Use**

Aside from non-commercial, non-motorized day use, a permit is required to use and recreate on Trust land. The General Permit program provides members of the public with a mechanism to legally use Trust land for non-commercial activities such as camping, motorized use such as snow machining, cutting firewood, and landing private aircrafts. The permit can be easily purchased online through the Trust webpage at a reasonable fee.
A large portion of Trust land was specifically selected for its abundance of subsurface and material resources, and associated revenue-generating potential. The Trust Land Office (TLO) manages these natural resources, which include coal; oil and gas; minerals; construction material such as armor rock, sand and gravel; and industrial heavy minerals such as garnet, rutile, zircon, and epidote.

The TLO regularly offers Trust land for oil, gas, and mineral leasing, and encourages active development of lands leased under this program in order to generate revenue. The Trust also engages with state, national, and global industry leaders to promote resource development and other revenue-generating opportunities on Trust land.

**FORT KNOX**
Because the Trust owns a portion of the mineral interest in the Fort Knox mine, the Trust earns royalties on the mine’s gold production each year. Since the mine’s royalty payments began, Fort Knox has generated more than $24 million for the Trust.

Fort Knox plans to expand their development area in 2021 to include the nearby Gil Project, stabilizing or slightly increasing royalty production for a projected four-year period. The TLO anticipates this expansion will generate additional royalties for the Trust.

**KENAI’S AIX GAS WELL**
AIX Energy continues to be a steady gas producer in the Kenai Loop field. Their producing well on Trust land generated nearly $1 million in revenue in FY 2020. Since the well’s production began in 2013, it has generated more than $13 million in revenue to support Trust beneficiaries.

**ROCK, SAND, AND GRAVEL**
Two significant gravel material sales were made in 2020. Both projects will support road construction projects. One sale in the Haines area is anticipated to generate up to $700,000 in a three-year period, while the other in the Matanuska-Susitna Valley is expected to generate up to $1,000,000 over a 20-year period.

**ICY CAPE EXPLORATION PROJECT**
The TLO has completed another phase of exploratory work on Trust land near Icy Cape, about 75 miles northwest of Yakutat. The Icy Cape land block contains significant amounts of gold and industrial heavy minerals such as garnet, epidote, zircon, rutile, magnetite, and platinum group metals. Exploration and sampling at Icy Cape began in FY 2016 and a 2018 analysis of collected samples resulted in encouraging preliminary results.

In the summer of 2020, the TLO procured an independent consulting firm to conduct a strategy study for the development of the Icy Cape Gold and Industrial Heavy Minerals Project. This study consists of a review and strategic ranking of development options aimed at maximizing returns on the Trust’s investments in the Icy Cape Project.
The Trust’s forest resources are located throughout Alaska, with the most valuable timber in Southeast Alaska. The Trust Land Office (TLO) is collaboratively working with landowners throughout the state to manage forest resources in a responsible manner while meeting Trust objectives. The TLO also issues negotiated timber sales for fuel reduction, biofuels, commercial firewood, and other specialty wood harvest projects. The timber industry continues to seek opportunities to create sales when the market, available timber, and interests are aligned.

The TLO’s resource management strategy is to provide ongoing timber sales in Southeast Alaska while generating new economically viable timber sales in the Fairbanks, Delta Junction, Mat-Su, and Kenai areas.

**NAUKATI EXCHANGE TIMBER SALE**

This negotiated timber sale to Viking Lumber Company, who owns and operates the largest remaining sawmill in the state, is for the old growth timber in Naukati that was recently acquired in the land exchange with the U.S. Forest Service. Viking Lumber and its contractors, which total about 100 employees, credits its continued operations to the Trust Land Exchange and this contract. The timber sale commenced in January 2019 and has supplied the Trust with about $3 million on 24 million board feet (MMBF) of timber harvested. The 10-year sale is expected to provide about $15 million to the Trust.

**ICY BAY TIMBER SALE**

A three-year timber harvest in Icy Bay operated by Sealaska Timber Corporation and its subcontractor, Fairchild Trucking, was completed in 2020. About 29 MMBF were harvested. The timber sale yielded about $4 million in revenue to the Trust. Although harvest operations went smoothly, the U.S.-China trade war and other market conditions impacted the price received for this wood, affecting profitability for contractors.

**HOLLIS AND YAKUTAT TIMBER SALES / REAL ESTATE**

In 2020, the TLO completed single-year timber sales in Hollis and Yakutat. With additional Trust land parcels in each area, the infrastructure and additional road access, developed as a part of the two sales, should improve the value of nearby Trust land. These timber sales afforded the opportunity to construct new access, open views, and highlight existing natural features prior to the sale of Trust parcels. In Hollis, the TLO worked with the Department of Natural Resources to redesign the road right-of-way and plat to provide easier access and better lot design for the parcel.

**USFS Land Exchange**

The Alaska Mental Health Trust Land Exchange Act of 2017 authorizes the U.S. Forest Service and Mental Health Trust to exchange approximately 20,000 acres of land in Southeast Alaska.

Phase I of the exchange, in which the Trust acquired land in Naukati on Prince of Wales Island and conveyed land in Ketchikan, was finalized in January of 2019.

Phase II-A of the exchange was finalized in April of 2020. In this phase, the Trust acquired additional acres in Naukati and conveyed lands on Gravina Island near Ketchikan.

The Trust is working closely with the USFS and other stakeholders to complete Phase II-B, the final phase of the equal value exchange, which is anticipated to be complete in early 2021. The Trust could gain parcels near Shelter Cove and Hollis, and the USFS could gain lands near Sitka, Petersburg, Wrangell, Ketchikan, Juneau, Meyers Chuck, and No Name Bay (pending appraisals).
The Trust Land Office’s (TLO) real estate management program consists of three areas: Program-Related Real Estate (real estate activities supporting and/or serving beneficiary-related purposes), Real Estate Development (master-planning, developing, and monetizing high-value surface estates), and Commercial Real Estate (optimizing existing income-producing real estate investments).

**PROGRAM-RELATED REAL ESTATE**
The Trust continues to evaluate the acquisition of real estate assets for the specific purpose of serving Trust beneficiaries. Trust staff, working on behalf of a beneficiary group, may propose acquiring select properties and/or identifying Trust land that would be appropriate for the development of a beneficiary program or facility. TLO staff provides technical and professional assistance by identifying existing Trust land or other available land acquisition for consideration of the board of trustees.

**REAL ESTATE DEVELOPMENT**
Generating revenues that support the various mental health programs, the TLO manages multiple surface leases throughout the state.

Further, the TLO strives to put in place new long-term ground leases that generate additional spendable income for the Trust. Current efforts include marketing the Trust’s U-Med Anchorage holdings and master-planning efforts for the Trust’s Community Park and Eagle River holdings. As leases expire or opportunities arise, the TLO continues to pursue strategic renegotiations of existing ground leases. In addition to lease activity, the TLO also offers land parcels with real estate development potential for sale.

**COMMERCIAL REAL ESTATE**
The TLO continues to focus on maximizing revenues from its commercial real estate investment assets by focusing on a) optimized tenant retention and the addition of long-term leases with creditworthy tenants when necessary, b) superior management of building operations and expenses, and c) prudent capital investments. The TLO has a strong track record of success managing the commercial portfolio, achieving average annual returns of 12%, including realized and unrealized gains, since 2016. The portfolio is comprised of well-located, quality assets which, despite the pandemic, have maintained a portfolio-wide occupancy exceeding 90%.
The Alaska Mental Health Trust Authority (Trust) is charged with the perpetual management and safeguarding of Trust assets for the benefit of current and future generations of beneficiaries.

The Trust’s invested cash assets are managed by the Alaska Permanent Fund Corporation (APFC) and the State of Alaska Department of Revenue (DOR) Treasury Division, both of which invest the Trust’s assets in a high-quality mix of stocks, bonds, and other investments to generate income. The Trust Land Office (TLO) is responsible for managing non-cash assets, which include approximately one million acres of land, the associated natural resources, and commercial real estate assets and other facilities owned by the Trust.

Despite market volatility related to COVID-19, the Trust’s cash and land assets still had strong performance in FY 2020. Using a four-year average to calculate our annual withdrawal and develop our budget, the Trust provides a stable and reliable funding stream for our partners, even when market conditions are impacted by events such as the pandemic.

When assets in the Trust fund earn more than necessary to cover annual spending, the remainder become reserves, which remain invested for use to support future beneficiaries.

Trust lands also generate revenue. Revenues associated with non-recurring activity, like the sale of a parcel of land or mineral resources, are deposited into the Trust fund and grow annual investment earnings. Revenues such as lease or rent payments, a portion of timber sales, and real estate investments are considered spendable income and fund Trust operations and grants.

**FY 2020 FINANCIAL ACTIVITY**

**Investment Earnings**
In FY 2020, the Trust’s assets generated a total of $39.2 million, of which $19.4 million were earnings associated with invested cash assets.

TLO activities earned a total of $11.5 million in FY 2020. Of that, $5 million is spendable income that will be used to support beneficiary programs and services, with the remaining $6.5 million invested in the Trust fund for future growth.

**Annual Expenditure Amount**
To ensure stable funding and program continuity, the annual Trust expenditure amount is created by combining a four-year average of the following:

- Annual Trust withdrawal from invested assets (4.25% of the previous four-year average value)
- Spendable income generated from Trust Land Office activities
- Interest income earned on cash balances
- Prior year’s unexpended funds

**TRUST REVENUES**
The Trust earns revenue from two primary sources: investments and land.

Investments include the Mental Health Trust Fund and Trust reserves. Each year, 4.25% of the four-year average value of our invested assets is withdrawn to fund Trust granting and operations.
Trust Budgeting and Spending
When developing the Trust’s annual budget, trustees and staff engage in a robust, stakeholder-driven process to help determine funding priorities. Trustees understand that Trust funds play an important part in programs and services for beneficiaries across Alaska. As such, in FY 2020, trustees allocated $24 million in combined Authority Grant and Mental Health Trust Authority Authorized Receipt (funds to state agencies) spending.

Separate from beneficiary activities, the Trust spends money to actively manage and protect the value of settlement land, to administer Trust grants, and developing and advancing policies and initiatives to improve the lives of beneficiaries. For the 12-month period ending June 30, 2020, the administrative expenses were $8.2 million. Trustees continue to emphasize deploying financial resources to enhance services to beneficiaries and limiting expenses, meaning Trust administrative spending has remained relatively flat and represents a smaller portion of overall spending each year.

The Trust supports all of its activities and grants with self-generated income; there are no State General Fund dollars required by the Trust.

Primary Trust Financial Assets

*Amounts represent total values at the end of FY 2020*

- Mental Health Trust Fund: $427,353,000
- Real Estate Investment Equity: $63,062,000
- Reserves: $160,555,000

*In addition to financial assets, the Trust also owns one million acres of land assets.*

Trust Revenues

Spendable Income
- Investment earnings (4.25% of the previous four-year average)
- Rent and payment from non-permanent uses of Trust land
- Interest from land sale contracts
- Timber sales (15%)

Non-Spendable Income
- Land sales
- Permanent rights of way and easements
- Coal, oil/gas, materials, and mineral royalties
- Timber sales (85%)
### Approximate Number of Trust Beneficiaries

<table>
<thead>
<tr>
<th>Condition</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serious Mental Illness (ages 18+)</td>
<td>28,000</td>
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<tr>
<td>Serious Emotional Disturbance (ages 9 to 17)</td>
<td>5,600</td>
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<tr>
<td>Any Mental Illness (ages 18+)</td>
<td>117,300</td>
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<tr>
<td>Alzheimer’s Disease (ages 65+)</td>
<td>8,500</td>
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<tr>
<td>Traumatic Brain Injury</td>
<td>11,700</td>
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<tr>
<td>Developmental Disabilities</td>
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<tr>
<td>Dependent on and Abuse of Alcohol (ages 12 to 17)</td>
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<tr>
<td>Dependent on and Abuse of Alcohol (ages 18+)</td>
<td>41,800</td>
</tr>
<tr>
<td>Dependent on and Abuse of Illicit Drugs (ages 18+)</td>
<td>20,300</td>
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To learn more about Trust beneficiaries, visit our website at [alaskamentalhealthtrust.org](http://alaskamentalhealthtrust.org)