

# You KNOW us...



## ***Vision and Mission***

The Board administers the Alaska Mental Health Trust as a perpetual trust. It has a fiduciary responsibility to its beneficiaries to enhance and protect The Trust and to provide leadership in advocacy, planning, implementing, and funding to act as a catalyst for change to a Comprehensive Integrated Mental Health Program to improve the lives and circumstances of its beneficiaries.



## Year In Review

You Know Us - but we are more than the Alaska Mental Health Trust Authority, (The Trust). Perhaps the most important role The Trust has is that of a convener of stakeholders and partners, serving as a catalyst in collaborative efforts to address issues of concern to our beneficiaries. Our primary partners are the four Governor-appointed boards, which represent our beneficiaries, participate in setting the focus of Trust efforts and work with us to achieve tangible results.

*Jeff Jessee, Chief Executive Officer*



The Governor's Council on Disabilities and Special Education, the Alaska Commission on Aging, the Advisory Board on Alcohol and Drug Abuse, and the Alaska Mental Health Board consist of broad-based memberships including consumers, family members, providers, agency representatives, and the public. With this make up, the boards are uniquely positioned to provide The Trust and state agencies with essential information on the status and needs of the beneficiaries and to evaluate

the outcomes achieved by Trust programs. In addition, their planning and advocacy efforts on behalf of the beneficiaries are critical to the success of the state's mental health program.

These boards have faced many challenges in recent years. Reductions in state financial support, the increasing needs of the beneficiaries they represent, and demands for closer cooperation and efficiencies in their operations have required new approaches to achieving their missions. They have responded by working closer with each other, securing limited funding from The Trust, and, in the case of the Alaska Mental Health Board and the Governor's Advisory Board on Alcohol and Drug Abuse, sharing staff, office space, and meetings.

You also know our other partners. At the core are the many beneficiaries and their families who take the time and the risk to share their stories and efforts to improve the lives of our beneficiaries. The Suicide Prevention Council and the Alaska Brain Injury Network provide important information and strategies to The Trust. The Departments of Health and Social Services and Corrections, the Alaska Court System, the Alaska Housing Finance Corporation, the Denali Commission, the Rasmuson Foundation and other philanthropies, Housing and Urban Development, Tribal health organizations, housing and social service organizations, local governments, the Trust Land Office, and many others also form our collective identity.

As you read in this report about the results we have achieved in our focus areas of Bring the Kids Home, Disability Justice, Housing, Workforce Development, and Trust Beneficiary Projects Initiatives, keep in mind just who "we" are. As we solidify our gains in these areas and move on to the new challenges that emerge, continued interaction and collaboration will be essential to develop strategies for making the most of the limited funding that is available.

*William Doolittle, M.D., Board Chair*



You do Know Us. We invite you now to join with us, look at where we have been and help us look to the future.

A handwritten signature in dark ink, reading "Jeff Jessee".

A handwritten signature in dark ink, reading "William Doolittle".

## *Disability Justice*

Alaska's criminal justice system manages a disproportionate number of cases involving persons with mental disorders. The majority are arrested for minor offenses resulting from behaviors related to an under-treated or untreated mental disorder. Once involved with the criminal justice system, Trust beneficiaries are at greater risk of repeated cycling through the system and increased

*Anchorage Mental Health Court Team*



risk for financial, physical, and sexual victimization and exploitation.

The Disability Justice Focus Area seeks to:

- Prevent inappropriate or avoidable arrest, prosecution, incarceration, and reduce criminal recidivism.
- Increase the criminal justice system's ability to effectively interact with and accommodate for the needs of victims and offenders who are Trust beneficiaries.

- Ensure a continuum of services to Trust beneficiaries who require emergency intervention and/or protective custody or whose condition or behavior results in their involvement with the criminal justice system.

In 2006, the following occurred towards this end: (1) Anchorage and Fairbanks police officers received 40 hours of intensive training assisting them to interact effectively with people experiencing mental disorders; (2) The Alaska Court System developed a pilot project to expedite comprehensive neuropsychological evaluations; and, (3) The University of Alaska Anchorage – Center for Human Development assessed the nature and scope of Trust beneficiaries who are crime victims and inventoried available services and resources to assist them.

## *Bring the Kids Home*

Each year, almost 700 Alaskan youth with serious emotional disturbances are sent to out-of-state facilities for treatment, an 800% increase since 1998. The state pays \$40 million in Medicaid expenditures annually to out-of-state providers. The Bring the Kids Home (BTKH) initiative seeks to counteract this problem.

In FY06 The Trust provided \$2.2 million for the BTKH initiative. That same year, and in subsequent years, the Denali Commission designated capital funds for increasing in-state bed capacity. In FY07 state government began to assist with state operating funds. At the end of FY06,

75 new in-state beds were added. Upwards of 200 beds are proposed to be available in FY07 and FY08.

Recent indicators show the increase of out-of-state referrals has stopped; with the projected increase in in-state bed capacity those numbers should decrease significantly in the next several years.

The BTKH Initiative planning and funding efforts focus on increasing lower levels of care. The goal is to ensure a full continuum of care so that each child is treated at the appropriate level as close to home as possible. The initiative also focuses effort on ensuring that youth and their parents are supported as they navigate the system of care. Parents and youth also provide important feedback to the BTKH planning process about the appropriateness of services.

## *Beneficiary Projects Initiatives*

The Beneficiary Projects Initiative places more control in the hands of beneficiaries than any other Trust focus area. The Trust has dedicated \$3.5 million annually to programs and services conceived and managed by beneficiaries.

Beneficiary Projects Initiatives provides funds to beneficiaries to develop grass-roots projects that focus on peer-to-peer support. The programs emphasize prevention, education, and early intervention to help participants find their own path to recovery and wellness.

## *The Trust Focus Areas*

The Trust dedicates \$1 million for grants and provides technical assistance to achieve balance between consumer-run principles and public accountability. Targeted and anticipated outcomes include effective consumer/client-provided services, improved beneficiary input in policy making and planning, and demonstrated positive impact on beneficiary lives.

The Trust, state, university, native tribal and provider systems are working together to develop strategies to address the workforce issues through training new workers and providing updates for the current workforce. Behavioral health and direct service jobs are some of the fastest growing job sectors. Recruiting and retaining this trained workforce is critical to Alaska's health and economy.

### *Safe, Affordable Housing*

Safe, decent, affordable, and accessible housing is often the key for beneficiaries maintaining a healthy lifestyle and participating in rehabilitation and recovery activities. The statewide shortage of this type of housing disproportionately affects Trust beneficiaries due to the challenges associated with disabling conditions and the lack of opportunities for economic advancement.

In 2006, The Trust participated in the Governor's appointed Interagency Council on Homelessness, a Commissioner-level council charged with focusing on homelessness in Alaska. The council recommended formation of a steering committee to focus on an affordable housing trust fund. The Alaska Housing Trust fund has become a major priority for the Alaska Mental Health Trust Authority. You can read about it elsewhere in this report.

### *Workforce Development*

The Trust is working with its partners to develop strategies to address the need for a trained workforce to provide services around mental health, developmental disabilities, alcohol treatment, and Alzheimer's disease and related dementias. Several studies completed in the last year indicate Alaska is already facing workforce shortages in these critical areas and is forecasted to continue to have critical shortages over the next ten years.

## *Predevelopment*

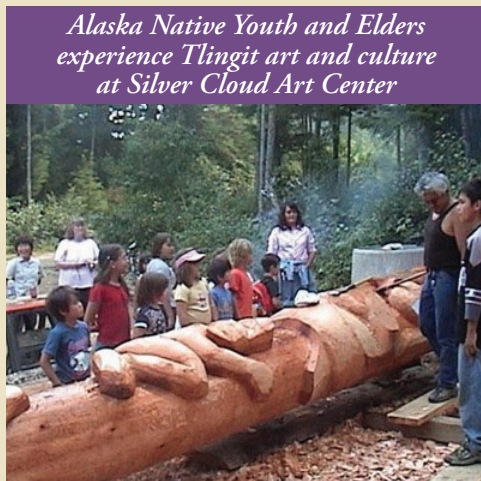
Predevelopment is the planning and groundwork of a capital project. It is a critical component to the development process and, if not done correctly, can result in higher cost or the failure of a project. In 2003, the Rasmuson Foundation and the Alaska Mental Health Trust Authority created a vision for a program to help non-profits develop sustainable capital projects. The funders recognized that few resources were available at the beginning of the capital development and that many projects floundered in the initial stages of development.

Many partners supported the concept of a standardized, streamlined approach to funding technical assistance and resources in the predevelopment phase, including the Denali Commission, USDA Rural development, Alaska Housing Finance Corporation, municipal governments, and representatives of the not-for-profit sector.

In 2005, the Rasmuson Foundation, the Alaska Mental Health Trust Authority, and the Denali Commission launched the Pooled Predevelopment Fund. The program ensures that selected projects meet a community need and that they are adequately prepared to pursue operations and capital funding to ensure success long into the future. At an average cost of about \$40,000 per project, organizations have access to program specialists, architects, engineers, and other specialists they may require to successfully complete the predevelopment phase of their project.

The Pooled Pre-Development Program is currently funded by \$1.4 million from the Denali Commission, the Rasmuson Foundation, and the Alaska Mental Health Trust Authority.

In 2006, over 300 projects were considered and more than half of the 30 selected to receive help will benefit Trust Authority beneficiaries.



*Alaska Native Youth and Elders  
experience Tlingit art and culture  
at Silver Cloud Art Center*



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## *The Alaska Housing Trust*

On any given night in Alaska, there are 3,500 homeless Alaskans. Of these, 24% suffer from chronic substance-abuse problems, and 14% are severely mentally ill. At least 3,000 children were homeless or inadequately housed during the 2005-2006 school year. These children are more likely to experience conditions of anxiety, withdrawal, depression, hunger, asthma, ear infections, stomach problems, and speech problems than their peers.

Homelessness results from a complex set of circumstances that require people to choose among food, shelter, and other basic needs. Contributing factors include:

- Inadequate income. A 2001 study found 57% of Alaska households could not afford a median-priced home and 46% could not afford the average rent. In Anchorage, a person needs to earn \$17.05 per hour to afford a modest two-bedroom apartment at the average fair market rent of \$905.
- Inadequate supply of affordable housing. The private housing market alone cannot supply enough affordable housing because of high land prices and other costs. The waiting list in Alaska for publicly financed housing is nearly 4,000 households.
- Catastrophic events or destabilizing forces. A sudden economic downturn caused by illness, injury, divorce, or job loss may push people into homelessness. Mental illness and addiction disorders are also destabilizing forces that can cause homelessness.

- Insufficient supportive services. In Alaska, homeless prevention services (i.e. renter education and broad based financial counseling), after-hours mental health counseling, and other housing retention services are not widely available.

A steering committee was formed in 2006 to develop a workable framework for our state to develop and sustain more affordable housing through a housing trust fund. This steering committee is comprised of representatives from the governor's office, the Alaska Housing Finance Corporation, the Alaska Department of Health and Social Services, Housing Authorities, US Department of Housing and Urban Development, US Department of Agriculture Rural Development, Wells Fargo Bank, the Rasmuson Foundation, service providers and home builders with the Alaska Mental Health Trust Authority serving as facilitator and chair.

The Steering Committee researched the successes of housing trusts in over 30 other states and designed the proposed Alaska Housing Trust to be a source of flexible funding that maximizes the effectiveness of existing low-income housing programs. For example, the funds will allow a stronger link between housing and the supportive and counseling services necessary for many Alaskans to find and retain safe, affordable housing.

The Alaska Housing Trust Coalition has formed in support of the recommendations made by the Steering Committee in order to take

continued on next page...

## *Coordinated Communications*

this concept to the Legislature in the upcoming legislative session. Currently, the Housing Trust Coalition is made up of over 20 different organizations, including several commissions of the Municipality of Anchorage, statewide service providers, private developers, and the Alaska chapter of the American Association of Retired Persons. Additional members are signing on board every day.

With these efforts, obtaining and retaining affordable, safe, and appropriate housing for Alaskans will help us demonstrate that successful outcomes begin with a home.

The “You Know Me” campaign continued this year in an effort to reduce the stigma that Trust beneficiaries experience and to highlight reasons to invest in services for our relatives, neighbors, coworkers, and friends. Work by Trust advisory partners from the Governor’s Council on Disabilities and Special Education, the Alaska Mental Health Board, the Advisory Board on Alcohol and Drug Abuse, the Alaska Commission on Aging, the Alaska Suicide Prevention Council, and the Alaska Brain Injury Network created a series of print, radio, theater, and television ads that bring to life the contributions and triumphs

of Trust beneficiaries. Investment in Trust beneficiaries pays dividends in productive lives and provides a quality and dignity in life that we all deserve.

Ramy Brooks serves as a spokesperson for The Trust and the communications campaign. This veteran musher speaks out on his concerns about alcohol problems in Alaska emphasizing the need for youth to ask for help when they are experiencing problems in their lives. Ramy’s own attempt at suicide at age 16 has led him to share his journey to adulthood and the effects of alcohol on families and youth.

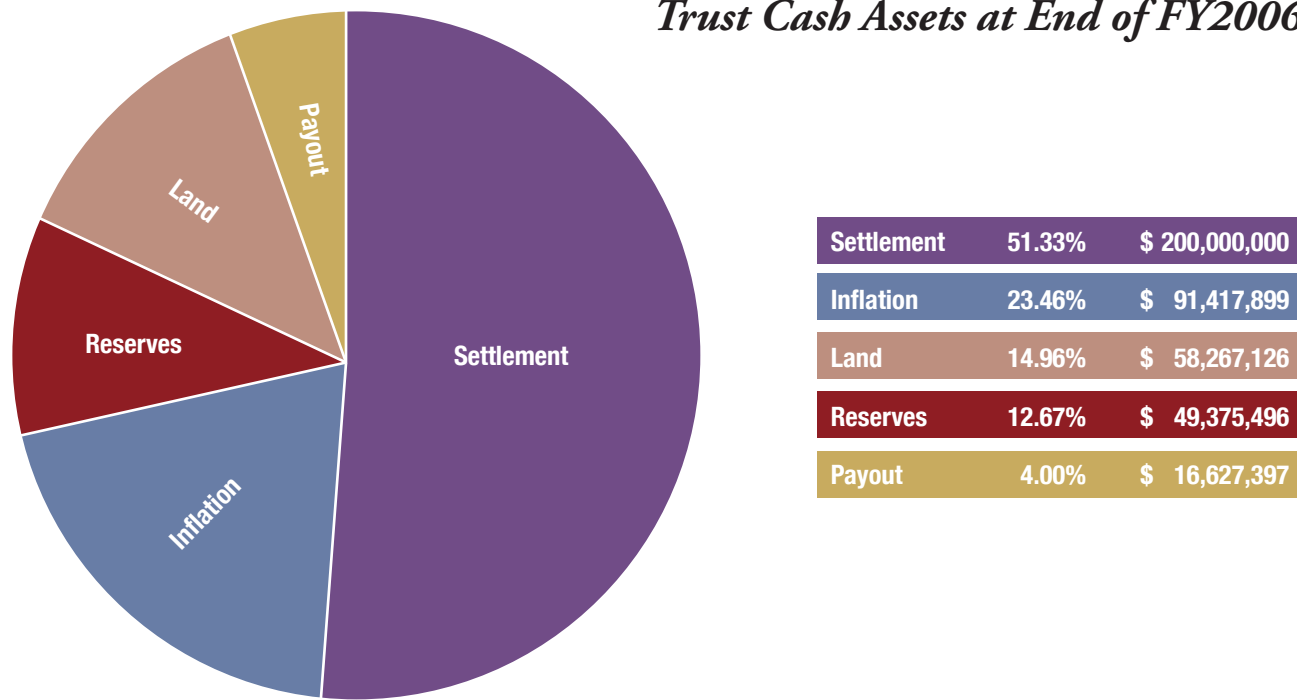
*Alaska Mental Health Trust Authority Board of Trustees*



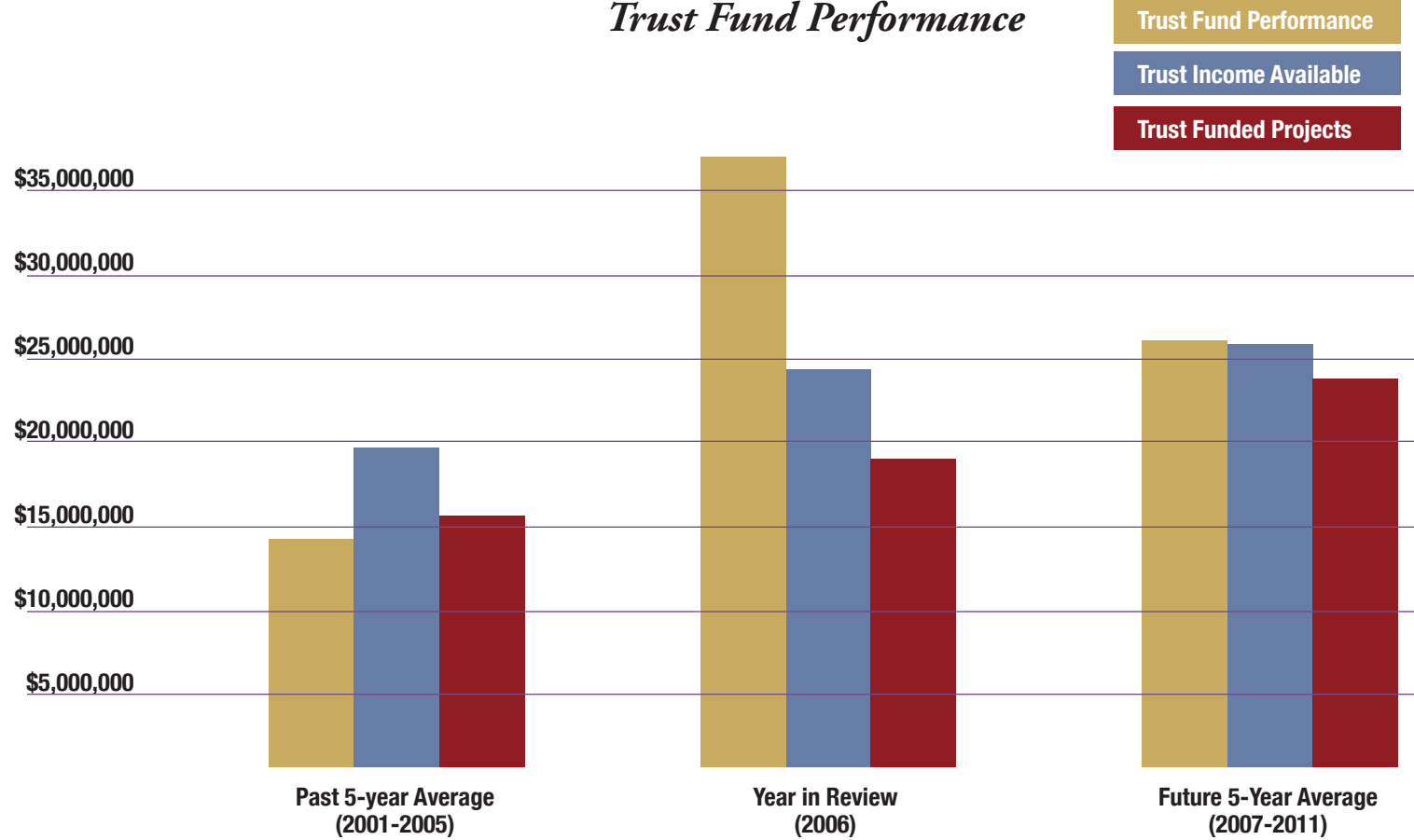
*(From L-R) John Malone, Laraine Derr, Tom Hawkins, Margaret Lowe, Roy Huhndorf, Paula Easley, Dr. William Doolittle*

Key Financial Outcomes of The Trust Fund

Trust Cash Assets at End of FY2006



Trust Fund Performance





# Key Financial Outcomes of The Trust Fund

For the third consecutive year, the cash assets of The Trust benefited from a healthy stock market. Investments with the Alaska Permanent Fund increased from \$363,826,000 at the end of FY2005 to \$385,366,600 at the end of FY2006.

Income from these investments was \$36,046,700 for FY2006 and \$30,811,000 for FY2005. Statutory net income determined by APFC (which does not include unrealized gains) was \$31,756,200 for FY2006 and

downturns without eroding Trust Principal. The Budget Reserve investment is split between the Alaska Permanent Fund and the Treasury Division of the Alaska Department of Revenue. Callan Associates, Inc. (who set up the financial model initially) reviewed the budget reserve requirements this year to ensure that we have adequate protection from market volatility.

The portion of the Budget Reserve managed by the Treasury Division

and Budget Reserve) at the end of a fiscal year to calculate the payout for the subsequent year.

The following performance from FY2006 is available for spendable income in FY2007:

- Disbursement (payout) rate of 4.0%, for a payout of \$16,627,397. This represents an increase of 13.8% over FY2005.
- Resource management revenue allocated as income was \$3,543,093.

*Trust Beneficiary*



\$21,008,800 for FY2005. Statutory net income increases the Budget Reserve and can be used as spendable income, while unrealized net income can only be applied to inflation proof our Principal investment. Because the Alaska Permanent Fund Corporation was realigning its portfolio to allow for more diversified investments, realized gains were higher than usual in FY2006.

The Budget Reserve is set at 400% of the annual payout, to allow for disbursements during market

*Trust spokesperson Ramy Brooks*



of the Department of Revenue earned \$445,740 in FY2006. Callan Associates Inc. recommended new investment allocations within Treasury as part of its review of the Budget Reserve, which is expected to increase future returns.

The Trust payout rate, which is used to calculate the disbursement (or payout) for spendable income was increased at the end of FY2006 from 3.75% to 4.0% beginning with the FY2007 budget. This rate is applied to the balance in the Trust Fund (Principal

*Trust Beneficiaries*



- Interest on the Income Account at Treasury Division was \$967,031.
- Lapsed funds from prior fiscal years were \$1,895,152.
- Total funding available for spendable income in FY2007 is \$23,032,672. This is a slight decrease from FY2006 availability of \$23,761,256 (which was unusually high due to prior-year lapsed funds of \$5.2 million).

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## *General Background*

The Trust Land Office (TLO) is a small 11-person unit in the Department of Natural Resources (DNR) that manages approximately one million acres of land throughout the State of Alaska on behalf of the Alaska Mental Health Trust Authority (The Trust). Trust land is managed in accordance with state law (AS 38.05.801) and regulations (11 AAC 99), which provide in part, that Trust land management shall be

*Oil & Gas Exploration on Trust Land  
Northern Dancer Wellsite*



conducted solely in the best interest of the Alaska Mental Health Trust and its beneficiaries. The regulations also provide that the TLO actions adhere to the following principles:

- Maximize long-term revenue from Trust land
- Protect The Trust corpus
- Protect and enhance the long-term productivity of Trust land
- Encourage a diversity of revenue-producing uses of Trust land

- Manage Trust land in a prudent and efficient manner, with accountability to The Trust and its beneficiaries.

Revenue-generating uses of Trust land include land leasing and sales; 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 year. Land sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered “Principal” and are also forwarded to The Trust for deposit into The Trust corpus which is held and managed by the Alaska Permanent Fund Corporation.

## *FY06 Financial Outcomes*

Gross revenues equaled about \$7.2 million. As noted above, the TLO earns two types of revenues: Spendable Income, which equaled about \$3.5 million and exceeded revenue projections by about 136 percent, and Principal revenues which equaled about \$3.6 million and were somewhat shy of projected earnings. This shortfall can be attributed to several multi-year transactions that were completed ahead of schedule in FY05 and were accounted for in that year.



# Trust Land Office

## Highlights of the Year

The real estate program accounted for over 49 percent (about \$3.5 million) of gross revenue. Successful efforts included completion of our 9th annual land sale which resulted in selling 68 parcels through a sealed bid process for a value of \$1,574,868.

Renovation of The Trust Authority Building (located in midtown Anchorage) was completed in June

*Timber Production on Trust Land  
Log Transfer Facility, Leask Lake*



*Photo courtesy of Clare Doig, Forest and Management, Inc.*

and The Alaska Mental Health Trust Authority relocated to the second floor along with the Alaska Brain Injury Network.

The timber sale program accounted for over 38 percent (about \$2.7 million) of gross revenue, with multi-year sales continuing at Leask Lake and Wrangell. A small timber sale program was created with the Department of Natural Resources, Division of Forestry for local log home builders in Haines.

The coal, oil and gas programs accounted for 7 percent (about \$512,000) of gross revenue. The annual Cook Inlet Oil and Gas Lease Sale held in November, 2005 resulted in the leasing of two tracts with bonus bids and first year's rentals of nearly \$70,000. Two exploratory wells were drilled on Trust land for natural gas. One well was plugged, pending further evaluation, and the other is currently awaiting availability of equipment for testing.

The minerals and materials program accounted for almost 5 percent of gross revenue (about \$357,000). This includes royalty from the Fort Knox Mine as well as lease rental payments from existing claims and leases on Trust land.

## Future Focus

The TLO will continue efforts to diversify its revenue generating activities with emphasis on improving The Trust's real estate portfolio in the Anchorage and Southcentral areas. Key projects for the upcoming year include:

Subdivide the Trust's Hiland Road parcel into mixed-use commercial and residential tracts;

Remediate the Juneau support warehouse property and sell the armory parcel to the City & Borough of Juneau for their Centennial Hall expansion project;

Complete the South Fairbanks Subdivision improvements in preparation for construction of the new Fairbanks Detox Center;

Expand the Wrangell 8 Mile Timber sale contract to include an additional five million board feet of timber;

Resolve the proposed Petersburg Timber Sale;

Offer about 80 parcels in The Trust's annual land sale;

Continue to offer Trust land for oil and gas exploration and development;

*Northern Dancer Rig Inspection  
Mike Franger TLO Senior Manager*



Complete the Chickaloon coal lease sale and facilitate exploration;

Offer Trust land for mineral development and exploration;

Complete the 1956 Mental Health Enabling Act land entitlement selection; and,

Develop the design for a new system to facilitate assets management.

# *The* TRUST

The Alaska Mental Health Trust Authority

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