



a
catalyst
for
change

chronic alcoholism

mental illness

The **TRUST**
The Alaska Mental Health
Trust Authority



developmental
disabilities

15 YEARS OF COMMITMENT AND SUCCESS

2010
annual
report



Alzheimer's disease



Board of Trustees

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Beneficiaries of The Trust

- People with mental illness
- People with developmental disabilities
- People with chronic alcoholism
- People with Alzheimer's disease and related dementia

Trust Guiding Principles

To improve the lives of Trust beneficiaries, The Trust is committed to:

- Education of the public and policymakers on beneficiary needs;
- Collaboration with consumers and partner advocates;
- Maximizing beneficiary input into programs;
- Prioritizing services for beneficiaries at risk of institutionalization or needing long-term, intensive care;
- Useful and timely data for evaluating program results;
- Inclusion of early intervention and prevention components in programs;
- Provision of reasonably necessary beneficiary services based on ability to pay.

Trust Advisors

- Advisory Board on Alcoholism and Drug Abuse
- Alaska Mental Health Board
- Governor's Council on Disabilities and Special Education
- Alaska Commission on Aging
- Commissioner of Health and Social Services
- Commissioner of Natural Resources
- Commissioner of Revenue
- Commissioner of Corrections

Overview: 15 years

Reaching a significant milestone is cause for celebration, reflection and prediction. Join us in the following pages as we celebrate 15 years of achievement, reflect on lessons learned and predict the challenges ahead for beneficiaries, the Alaska Mental Health Trust Authority and our dedicated partners and advocates.

CELEBRATION: In 15 years, we have made significant strides toward our goal of improving the lives of Trust beneficiaries. There is much to celebrate:

- Closing Harborview Hospital in Valdez and building a statewide network of community services gave beneficiaries with developmental disabilities more independence.
- Creating therapeutic courts diverted beneficiaries from prison into treatment and reduced recidivism.
- Establishing supported housing programs for people with disabling conditions provided more options for safe, affordable places to live.
- Nurturing the consumer movement spawned dozens of peer-run organizations that are gaining in sophistication and financial stability.
- Partnering with the University of Alaska, state agencies and service providers increased educational and training opportunities for the workforce serving beneficiaries.

REFLECTION: In shaping system change, we see our role as the convener, gathering those who know what needs to be done and how to make things happen. We have learned

that in order to make long-term system change we need to serve not only as a catalyst and fire-starter, but as a fire-tender. We must continuously advocate so projects and programs remain on track, with adequate funding to carry them from implementation to sustainability. In 2004, we partnered with the Department of Health & Social Services to stem the tide of young people being sent out-of-state treatment for residential psychiatric treatment. In five years, we have grown in-state capacity and created early interventions to keep them close to home in lower levels of care. Without collaboration and funding from The Trust and the State, this project would not have succeeded.

PREDICTION: The coming years will require continued leadership, advocacy and dedication to our guiding principles. More can be done to improve the systems that serve beneficiaries. We will not waiver in our goal to improve their lives. Keeping beneficiaries safe requires additional work with law enforcement, the courts and correctional institutions to ensure beneficiaries are treated appropriately. Finding housing will always be difficult in a state like ours, but by collaborating with our partners we can create more options. Workforce recruitment and retention will remain issues for providers serving Trust beneficiaries, especially in rural areas. Working with our partners, we can increase educational opportunities, improve wages and benefits, and attract more people into the field. The reforms achieved in children's mental health services must be sustained. We want youth with mental illness to have treatment and services earlier and in their home communities, so they have a better chance of healthier lives. We will continue encouraging beneficiaries to

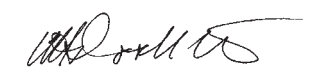
take a role in their treatment and recovery and in assisting others. It is exciting to see peer support becoming a best-practice in Alaska.

Two recently launched initiatives promise to improve beneficiaries' lives. First, we support Governor Parnell's Domestic Violence and Sexual Assault Task Force, charged with ending the epidemic that has scarred our state. The "Choose Respect" campaign includes thoughtful strategies to stop the cycle of harm. Second, we are partnering with the Rasmuson and Mat-Su Health foundations to transform systems that address alcohol and drug abuse in Alaska.

The Trustees and Trust staff remain committed to working with the Governor, the Legislature and our partners on behalf of Trust beneficiaries to make the systemic changes necessary for long-term, sustainable improvements in Alaska's mental health program.



Jeffrey L. Jessee
Chief Executive Officer



William Doolittle, M.D.
Chair, Board of Trustees



William Doolittle



Jeff Jessee

Celebrating 15 Years of Commitment and Success

In March 2010, we celebrated the 15th anniversary of the appointment of our first Board of Trustees. That is 15 years of commitment to our mission of improving the lives of Trust beneficiaries. When Vern Weiss contacted a young Fairbanks lawyer named Steve Cowper in 1982 about filing a suit to compel the State of Alaska to fulfill its obligation to provide services for people with mental disabilities, few could have guessed that the result would be an organization as unique as the Alaska Mental Health Trust Authority (The Trust).

The Weiss case eventually became a class-action suit heard by the State Supreme Court. It was settled in 1994, restoring the Mental Health Trust created by federal law in 1956 as a source of State income for mental health services. The settlement also set in motion an overhaul of the State's mental health service delivery system. Fifteen years later, that work remains our focus and commitment on behalf of Trust beneficiaries and their families.

Our goal is to serve as a catalyst for change and improvement across all facets of Alaska's mental health continuum of care. To accomplish this, The Trust funds projects and programs that promote long-term system change. Examples include capacity building programs, demonstration or pilot projects, funding partnerships, technical assistance, and other measures that will improve the lives of Trust beneficiaries.

During our first 15 years, we have collaborated with countless partners, including departments and agencies within state and local government, beneficiary advisory boards, service providers, community groups, and many beneficiaries and their families.

Among the 50 states, there is no comparable, state-owned, private corporation dedicated to ensuring services are available for people with mental illness, developmental disabilities, chronic alcoholism, and Alzheimer's disease and related dementia.

Most often we find our role is that of the convener. No other agency or organization is positioned, like The Trust, to pull together stakeholders from all perspectives to address issues.

Land Trust Restored

The 1994 settlement created an endowment with two components: cash and land. A cash settlement of

\$200 million was deposited in the Alaska Permanent Fund as restitution for the years in which no income was collected for use or sale of land in the original land trust. Second, the original one-million-acre trust was restored with new selections from throughout Alaska. Finally, the settlement established a seven-member board to manage the cash and non-cash assets on behalf of the beneficiaries.

Using the foundation model, a percentage of the income from the two revenue streams is used each year to help fund the State's service delivery system. The majority of the income is re-invested to serve as a perpetual trust, assuring long-term, sustainable support for the State's comprehensive integrated mental health program.

Governor Tony Knowles in 1995 appointed the first Board of Trustees. The seven members came from varied backgrounds. Several had family members who were Trust beneficiaries or had worked in the mental health field. They were expected to bring into play their collective knowledge and

experience with the service needs of beneficiaries. There was no office or staff and there were no policies in place to run the organization. There were, however, plenty of Alaskans in need. The Trustees' task was awesome in its complexity and inspiring for the opportunity to make lasting change.

The Power of Leveraging

In the first few years, The Trust was a bare-bones operation, only making its first disbursement in 1997. It was a monumental task to sort out what programs and what issues should take priority. One thing stood out: Alaska did not have an integrated service system. Treatment silos had evolved in which each beneficiary group was served independently.

One of the first major steps undertaken by the Trustees was negotiating the closure of Harborview Hospital in Valdez, which included a residential treatment facility for individuals with developmental disabilities. The facility was among the first opened after statehood and at its height cared for 180 residents.

All the data shows that people with disabilities do better in their own communities, near

their families. However, first, the communities needed services to support the Harborview residents. Working with the Legislature and the Department of Health & Social Services (DHSS), The Trust funded Harborview services for two years while the State implemented new community services such as housing, training and employment. In 1997, the last resident moved home.

Harborview was the first of many funding partnerships over the past 15 years in which The Trust leveraged its resources to allow organizations, especially State government, to implement service changes and improvements while gradually assuming the cost. In subsequent years, The Trust partnered with the Legislature and DHSS to build a smaller, more effective replacement for Alaska Psychiatric Institute (API), another remnant of Alaska's early mental health system. Working in collaboration, DHSS and The Trust sought a community-based alternative to hospitalization. When the new API opened its doors in 2005, it had reduced its capacity, and Alaska's network of community-based emergency mental health and alcohol and substance abuse services had expanded.

A Catalyst for Change

The Trust also played a pivotal role in the development of mental health and substance abuse services for women in Alaska's correctional

NELSON PAGE

Anchorage attorney
Original Trustee
and First Board Chair

At the time of the settlement, we had no conception about what The Trust would look like, what it would do, or what role it would play. The legislation seemed to suggest that our role would be grant-making, but also that we would be running and funding programs. We had to work out what the relationship would be between the beneficiary boards and The Trust. I am proud of the way The Trust has integrated all the communities of beneficiaries into The Trust process without having lost the central, guiding role it plays. And I am most proud that The Trust is seen as a legitimate, powerful player in the mental health field, bringing together beneficiaries.



system. Prior to 1998, there were no services for female inmates with chronic mental illness. After a Trust-commissioned study revealed 38 percent of women in custody had a mental illness and 29 percent of all

A History of The Trust

1956

Congress passes Mental Health Trust Enabling Act, creating one-million-acre land trust to pay for mental health services after statehood



1960

State purchases Valdez hotel, creates Harborview, a residential facility for people with developmental disabilities

1959

We're in! Alaska becomes 49th state and takes responsibility for mental health programs



1964

Tsunami spawned by Good Friday Earthquake destroys Valdez; Harborview rebuilt to include a hospital



1982

Vern Weiss files lawsuit to force State of Alaska to provide mental health services

1994

Class-action suit settled, creating Alaska Mental Health Trust Authority with \$200 million in cash and one million acres

1995

Gov. Tony Knowles appoints first Board of Trustees, which hires Jeff Jessee as CEO

1996

Trust Land Office earns \$1 million in income from Icy Bay timber sale



1997

Trust funds operating and capital programs for first time, totaling \$6.8 million; Harborview closes

1998

Alaska's first therapeutic court authorized, third in the nation

1999

First Comprehensive Integrated Mental Health Plan completed in collaboration with Department of Health & Social Services and beneficiary advisory boards

JUDGE STEPHANIE RHOADES

Alaska District Court

Chief among the rewarding aspects of presiding over the Anchorage Mental Health Court are the various friendships that I have made with participants who have become successful and return to visit me or send me cards throughout the year to stay connected. I have one particular acquaintance with an older male who had many prior crimes and was poly-substance abusing and homeless for about 25 years. Through his court participation, he gave up substances, found housing, began adhering to his treatment regimen and now, eight or more years after his participation in the program, he visits me as a friend, and I visit him at Anchor House as a friend. This remains a life-changing friendship.



inmates had significant alcohol or drug involvement, The Trust proposed formation of an 18-bed Women's Psychiatric Treatment Unit at Hiland Mountain Correctional Center in Eagle River. It took three years and \$1.8 million to implement.

Additionally, in 1998, the Women's Residential Substance Abuse Treatment Program was established at Hiland Mountain. It was funded through a three-year, U.S. Justice Department grant with matching funds from The Trust. Today, mental health and substance abuse services for women are an integral part of Alaska's correctional system and remain in the State budget.

The Power of Partnerships

When the first Board of Trustees was appointed, four governor-appointed advisory boards were already working on behalf of beneficiaries. They include Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, Governor's Council on Disabilities & Special Education, and Alaska Commission on Aging.

The Trust and its advisory boards share responsibility with DHSS for developing the State's Comprehensive Integrated Mental Health Plan. This is an ongoing process in which the partners address issues that improve the health, safety, and economic security of beneficiaries and provide opportunities for beneficiaries to live

with dignity as engaged, employed and contributing members of society. Annually the partners produce a scorecard, measuring outcomes in each of these life domains.

Under the Trust settlement, the beneficiary boards are advisors to the Trustees, serving as a conduit for information about the status and needs of beneficiaries. Annually the boards make funding recommendations to the Trustees to address these needs.

In addition, The Trust has forged partnerships with many other state agencies that serve beneficiaries, especially the departments of Corrections, Labor & Workforce Development, and Transportation & Public Facilities; Alaska Court System, University of Alaska System and Alaska Housing Finance Corporation. Acting as a convener and leveraging our resources, The Trust has created a greater pool of resources from which to draw, both for expertise and funding.

Funding for Maximum Impact

In the early years of The Trust there were many unmet needs among the beneficiaries and our funding took on a shotgun approach, targeting projects and programs all over the service delivery system in an effort

to stimulate service growth. Some projects were short-term fixes; others had long-term implications for beneficiaries. It became evident that, in order to making lasting change, The Trust would need a more focused funding approach.

Acting as a convener once again, The Trust assembled stakeholders to prioritize and plan for the future. The result was creation in 2005 of four focus areas to address issues that cut across all service delivery systems and benefit all beneficiaries.

By 2007, The Trust and its partners had identified a growing need for a trained and available workforce to fill the jobs that serve Trust beneficiaries. The Trust adopted Workforce Development as its fifth focus area.

These focus areas are:

- **Bring the Kids Home** - an initiative to reform Alaska's mental health system of care for children;
- **Affordable Appropriate Housing** - an effort to increase housing options for beneficiaries;
- **Disability Justice** - programs aimed at reducing beneficiaries' incarceration and recidivism in the criminal justice system;
- **Beneficiary Projects Initiative** - aimed at creating and sustaining grassroots, peer-run groups; and
- **Workforce Development** - providing beneficiaries with access to a capable, culturally competent workforce to support their families and communities.



Jeff Jesse, (left to right) Gov. Wally Hickel and Phillip Voland signed the 1994 settlement reconstituting the Mental Health Trust.

Gov. Tony Knowles signing API legislation in 2001.

Creating Systems Change

The results of each focus area are remarkable. The number of children being treated in out-of-state residential psychiatric treatment centers has dropped from a record high of 748 to fewer than 100 by late 2010. The Alaska Housing Finance Corporation's homeless assistance program has grown to more than \$6 million per year. There are 13 therapeutic courts serving juveniles and adult beneficiaries and more in development.

In our first 15 years The Trust has seen many changes across Alaska's mental health continuum of care. Through advocacy, planning and funding, The Trust has paved the way for lasting improvements to the systems that serve beneficiaries, whether it is in-home supports, community-based services, housing, therapeutic courts, prison treatment programs, workforce training and education, transportation or consumer-run groups.

2000

Trust Land Office leases 20,000 acres near Fairbanks for Fort Knox Gold Mine



2002

Trust and partners win statewide alcohol tax increase; University of Alaska Anchorage launches distance delivered Master's of Social Work degree

2004

Land purchased, community planning begins for a Fairbanks detox center



2006

20-member coalition advocates for legislative support for a housing trust to address homelessness in Alaska

2008

The Trust and Rasmuson Foundation each commit \$1 million for supportive housing pilot projects in Southcentral Alaska



2010

Trust celebrates 15 years, budgets \$24 million in support of beneficiaries



2001

Legislature commits \$16 million to construct new API; Trust contributes land for \$47 million project

2003

Training funded for personal care attendants, dental health aides and behavioral health aides to boost services, provide jobs in rural Alaska

2005

Bring the Kids Home Focus Area begins to bring home youth in out-of-state residential psychiatric treatment centers

2007

Workforce Development becomes fifth focus area, targets training, education, recruitment and retention of workforce serving beneficiaries

2009

\$1.2 million student loan repayment program offers recruitment incentive to health professionals serving beneficiaries



Engaging Beneficiaries

The Beneficiary Projects Initiative (BPI) emerged in 2005 in response to growing interest among Trust beneficiaries and family members in engaging in and using peer support as an enhancement to conventional behavioral health services. In parallel with the national mental health consumer movement, Alaska consumers wanted to draw on support from other consumers, clients and family members as part of their recovery. The Trust recognizes that involving beneficiaries in defining and mapping out their recovery can forestall the need for more intensive traditional services and provides beneficiaries with a choice in how they recover.

The primary strategies for this focus area are providing consumer-run organizations with seed money and technical assistance to get peer-run projects off the ground, and ongoing

Partners in Policymaking teaches beneficiaries how to make their voices heard through involvement, advocacy and voting.



support to ensure the organizations continue to operate smoothly and are sustainable. The Trust has funded clubhouse models, drop-in centers, peer-to-peer recovery programs, and family support projects. Investment in the long-term capacity of peer-support organizations has resulted in many successful grassroots, consumer-run programs across the state that provide innovative, quality support services to beneficiaries who may not engage or respond well to traditional services. In 2010, more than 3,000 beneficiaries received services delivered by other beneficiaries.

As a result of this initiative:

- Trust-funded consumer organizations have increased their capacity and expanded their services by obtaining additional funding sources.
- State departments acknowledge peer support services as an integral part of the service delivery system and are jointly funding consumer programs with The Trust.
- Peer support services are expanding into other State departments and Trust focus areas.
- Customized self-employment models are helping beneficiaries start small businesses.
- Cross-agency collaboration with peer provider programs has increased among agencies that have high usage by beneficiaries, such as emergency services and corrections.

- Peer counseling workforce has increased and more training is available for peer counseling providers.
- Beneficiaries are participating in advocacy at the state and local policy levels, influencing the issues that impact their recovery and their lives.
- Formerly an informal gathering of peers, the Alaska Peer Support Consortium is a mobilizing force, providing networking, education, training and advocacy for consumer groups across Alaska.

Employing Evidence-based Practices

As BPI programs mature, they are exploring and evaluating how beneficiaries' lives are better because of their engagement with consumer-run programs. These programs use a range of evidenced-based and emerging practices. Wellness Recovery Action Planning (WRAP) promotes self-management of mental illnesses and addictions to monitor, reduce or eliminate symptoms. NAMI Alaska facilitates Family to Family, a best-practice program for families experiencing mental illness. Polaris House, an evidence-based clubhouse in Juneau, operates a supported employment program. In 2010, about 40 clubhouse members were employed, earning a combined, average annual income of more than \$200,000.

FY2010 Mini Grants by Beneficiary Type

| Beneficiary Group | Amount Awarded | Number of Beneficiaries |
|---|----------------|-------------------------|
| Alzheimer's Disease & Related Dementias | \$ 242,589 | 220 |
| Developmental Disabilities | \$ 166,763 | 183 |
| Mental Illness | \$ 355,964 | 248 |
| Chronic Alcoholism | \$ 131,623 | 71 |
| Total | \$ 896,939 | 722 |

Building Housing Opportunities

Housing is the cornerstone of any treatment, recovery or wellness plan for people with mental illness, developmental disabilities, alcoholism, or Alzheimer's disease and related dementia. In Alaska, these individuals have many unmet housing needs due to the challenges posed by high housing costs and remote locations, and their need to connect with supportive services. As a result, safe, affordable, accessible and appropriate housing is cited repeatedly as the key resource beneficiaries need to continue their rehabilitation and recovery.

Since statehood, there has been a focus on keeping Alaskans with mental disabilities in or near their home communities, starting with the return of those individuals who were sent during Territorial days to Morningside Hospital in Oregon. Two subsequent projects, closure of Harborview Developmental Center in 1997 and downsizing of Alaska Psychiatric Institute in 2005, further illustrate The Trust's commitment to keeping beneficiaries in their home communities. Behind these pivotal projects lies the concept of in-home and community-based care as the most appropriate method of assisting people with disabling conditions.

Shaping the Service Network

Maintaining a social service delivery system that meets these mandates and the needs of Trust beneficiaries in a large state with a small population can take years. In our early development, The Trust focused on increasing housing options and important components of the social services safety net.

Key efforts included restructuring the state's Medicaid and social service programs to allow for home-based services and increasing work options for beneficiaries.

However, in the last decade, some gains were reversed as the number of beneficiaries entering corrections facilities and cycling through costly emergency services has increased. Increasingly, providing supported housing is too costly for social service agencies and outside the scope of what mainstream landlords can provide. Funding for actual "in home" supports is scarce and difficult to administer. In addition, social services workforce shortages and inadequate pay for workers pose challenges.

Creative Funding Programs

Some states have addressed these issues through creative funding mechanisms that encourage service providers and landlords to collaborate on building and operating projects. One such method, called a housing trust, has been used in 40 states and the District of Columbia to build, purchase or rehabilitate permanent housing for special needs populations. Since 2006, The Trust has worked with Alaska Housing Finance Corporation to secure similar funding and increase supported housing options in Alaska. As a result, Alaska now has a reliable funding mechanism for on-site social services and resources to help beneficiaries with more intensive needs remain in their home communities.

Housing First

Over the last four years, The Trust's Housing Focus Area has funded several projects that have resulted in increased tenure in safe, stable housing by people with intensive needs. The most significant impact resulted from implementing a Housing First model. In Housing First programs, an individual is

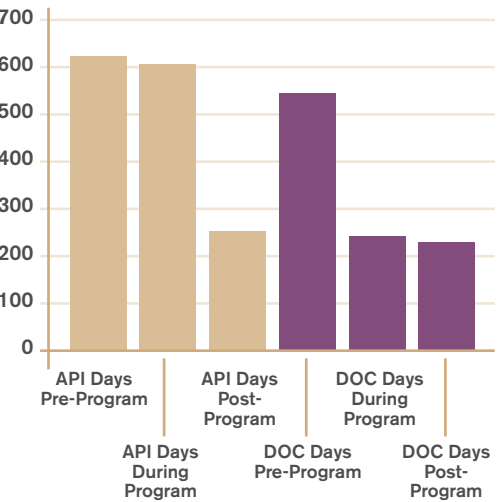
safely housed first; then the person's barriers to successful housing are identified and supportive service plans are implemented to ensure long-term stability and healthier living.

Throughout 2010, The Trust worked with the RurAL CAP to implement a 48-unit Housing First program in a former Anchorage hotel. Karluk Manor is Alaska's first, large-scale facility with on-site support services for previously homeless people with chronic alcoholism. Other Alaska communities are exploring similar projects.



Karluk Manor is a 48-unit Housing First project in Anchorage. (courtesy Barnes Architecture Inc.)

Housing First Results for Bridge Home



Number of Participants: 47
API = Alaska Psychiatric Institute
DOC = Department of Corrections

Seeking Justice for Beneficiaries

In 1997 The Trust commissioned a one-day-snapshot study of inmates under the care and custody of the Department of Corrections (DOC). The study revealed that more than 25 percent of all inmates and 38 percent of female inmates qualified as Trust beneficiaries. A similar study in 2006 revealed approximately 42 percent of Alaska inmates have a mental illness or cognitive impairment. Essentially, DOC is the largest mental health provider in Alaska.

As a result of these findings, for more than a decade The Trust has focused on ensuring adequate community systems of care are in place to prevent beneficiaries from contact with the criminal justice system, incarcerated beneficiaries have access to appropriate treatment, and incarcerated beneficiaries successfully reenter Alaskan communities.

Top: A community-funded detox treatment center opened in 2009 on Trust land in Fairbanks.

Bottom: District Court Judge John Lohff, who presided over Alaska's first therapeutic court, and his wife, Nancy, at his 2010 retirement.



In FY1998, The Trust partnered with DOC to develop and implement the department's first mental health unit and residential substance abuse treatment services at Hiland Mountain Correctional Center. This partnership continues today and has resulted in expanding similar services to other correctional facilities statewide. It has also led to implementation of new diversion, reentry and monitoring programs to reduce beneficiary contact or recidivism with the criminal justice system.

In 2005, our Board of Trustees recognized that reducing the prevalence of beneficiaries in the juvenile justice and adult correctional facilities would require a multidisciplinary, focused and collaborative effort, across the criminal justice continuum of law enforcement, jail, courts and community reentry. The Trust convened representatives from law enforcement, corrections, courts, probation, law, defense, and health and social services who developed a comprehensive plan to address these issues. Implemented in 2006, the plan focuses on three broad categories:

- reduce the involvement and recidivism of juvenile and adult beneficiaries in the criminal justice system;
- identify and support beneficiaries who are victims of crime; and
- reduce the use of correctional facilities for substance abuse protective custody holds.

Cross-System Changes

As a result of this collaborative effort, many changes and improvements have been achieved. Highlights include:

- increased recognition that untreated and undertreated mental health and substance abuse disorders underlie a significant percentage of criminal activity and recidivism;
- increased cross-system collaboration between criminal justice and behavioral health systems;
- integrated therapeutic jurisprudence principles and courts into the Alaska Court System's core operations;
- increased recognition that release planning begins when a person is booked;
- coordinated community responses for beneficiaries who are a danger to themselves or others because of substance abuse;
- established a partnership with the Council on Domestic Violence & Sexual Assault;
- trained about 150 law enforcement officers from 20 communities in Crisis Intervention Team skills;
- increased mental health and substance abuse treatment services in juvenile justice and adult correctional facilities;
- established 13 adult and juvenile therapeutic courts; and
- implemented Disability Assault Response Teams in Anchorage, Bethel, Fairbanks and Juneau.

Overall Distribution of Trust Beneficiaries in Custody of the Alaska Department of Corrections

| Incarcerations | FY2003 | FY2004 | FY2005 | FY2006 |
|---|---------------|---------------|---------------|---------------|
| Total Incarcerations | 36,597 | 39,067 | 39,260 | 37,165 |
| Trust Beneficiary Incarcerations | 14,996 | 16,570 | 16,309 | 15,175 |
| Trust Beneficiary Percent | 41.0% | 42.6% | 41.5% | 40.8% |
| Unique Offenders | 17,258 | 18,246 | 17,998 | 17,220 |
| Unique Trust Beneficiaries | 5,820 | 6,267 | 6,265 | 6,071 |
| Trust Beneficiary Percent | 37.3% | 34.3% | 34.8% | 35.3% |

The complete 2007 report by Hornby Zeller Associates can be found at <http://bit.ly/FT1J3v>.

Improving Care for Alaska's Youth

Between 1985 and 1995, Alaska operated an in-state system of behavioral health services using grants and individualized funding to deliver highly individualized interventions for children with severe emotional disturbances and their families. The Alaska Youth Initiative (AYI) was a nationally recognized best-practice model of wraparound service delivery. Through AYI, Alaska stopped sending youth to residential psychiatric treatment centers (RPTC) outside of Alaska. When The Trust came into existence in 1995, this in-state system was functioning effectively.

Over the next decade, the system became overwhelmed as the State became more reliant on Medicaid. By 2004, services had eroded and more youth were being sent out-of-state for treatment. By FY2004, new out-of-state RPTC admissions peaked at 752 youth. Recidivism was high, with 20 percent of these youth returned to RPTC within a year. Out-of-state services were not always good for youth or their families. The children were far from home, with only an

option for a high level of care with limited support available upon return. Also, Alaska was not developing adequately its own in-state service system. In 2004, the Department of Health & Social Services conducted a needs assessment of children's mental health services, and found ready partners to solve the concerns identified. This led to the Bring the Kids Home (BTKH) Focus Area.

Building an In-State System

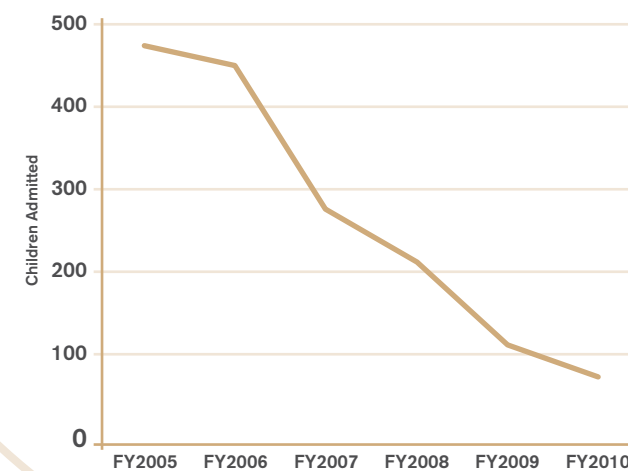
BTKH received governor and legislative support, and funding from The Trust and the Legislature. The initiative has encouraged system change and expanded in-state resources to allow youth to be served at or near their homes and family. Several key strategies support BTKH. A primary strategy was to encourage collaboration and cross system communication at all levels, including planning, service delivery and performance evaluation.

Other strategies included increased system oversight and care coordination to ensure in-state services are accessed first and to improve transitions into community settings. Home, school

and community-based services were expanded across Alaska. Capital and operational grants contributed to approximately 300 new residential beds, and expanded access to existing beds. Individualized services funding was established to divert children from residential care. Finally, systemic barriers were removed, and policies, procedures and regulations were updated.

To maintain BTKH progress, long-term performance indicators will be established to monitor system performance. The strong focus on data-driven system development will continue. Current practices will be refined and institutionalized. Interagency agreements will be formalized around use of individualized funding and for on-going system development and collaboration. Start-up grants to support performance improvement initiatives will continue. Efforts to increase parent, youth and stakeholder feedback into system planning and development will be institutionalized.

Out-of-State RPTC Admissions



RPTC = Residential Psychiatric Treatment Center



New treatment facilities for adolescents and families opened in Eagle River, Fairbanks and Dillingham in 2009.

Growing Our Workforce

The Trust has long recognized that there is a need for a trained workforce to serve beneficiaries. Initially, providers requested funding for training within their agencies or to send staff to training to enhance their skills. Soon, The Trust was working with the University of Alaska to grow its capacity to train the workforce needed to serve beneficiaries.

Early, long-term Trust investments included creation of the Masters in Social Work (MSW), distance-delivery programs for the Bachelors of Social Work and MSW degrees, and the human services degree program. The Trust also funded the Alaska Alliance for Direct Service Careers (AADSC) to assist long-term care and direct-care providers with staff recruitment and retention. Annually, The Trust supports continuing education by sponsoring professional conferences on topics related to beneficiaries.

The Trust and its partners are collaborating on a recruitment campaign to attract workers into the behavioral health field.

In 2004, groups from across the state, including The Trust, the university and the Department of Health & Social Services (DHSS), met to discuss behavioral health workforce issues and set goals to address the problems. Afterwards, the university, DHSS, and The Trust formed a five-year partnership and committed \$1 million a year to increase capacity in behavioral health programs at the university. Notable new programs from this initiative were the first Ph.D. program in clinical-community psychology with an emphasis in rural, indigenous people; a certificate in children's behavioral health; the Alaska Rural Behavioral Health Training Academy; and expansion of the distance delivery MSW program.

Expanding Training Capacity

By 2007, the partners knew that additional efforts were needed and sought creation of a new Trust focus area. The Workforce Development Focus Area includes The Trust, the university, state agencies, service providers and consumers. They analyzed the problems facing service providers and developed strategies to address education, training,

recruitment and retention. New strategies have produced:

- the Trust Training Cooperative, which coordinates training and is making training distance delivery;
- Ph.D. psychology internship program to ensure Alaska's Ph.D students stay in state for their internship and remain here to work;
- a feasibility study that concluded a psychiatric residency to increase the pool of psychiatrists in Alaska, especially in the public and tribal mental health systems, is viable;
- a student loan repayment program to assist in recruitment and retention of behavioral health professionals in rural and underserved areas;
- core competencies for direct service workers to create standards and training for the competencies; and
- training curriculum for the current workforce around peer counseling, autism, Alzheimer's and related dementias, behavior health and personal care attendant work.

Workforce development is expected to remain an important issue as Alaska deals with the challenges related to implementing health care reform and our aging population.

Regaining Investment Value

Trust investments regained some of the value lost during the significant market declines that began in 2008. Investments at the Alaska Permanent Fund Corporation (APFC) increased by \$39 million during FY2010. This was welcome news compared to the previous year's loss of \$73.4 million. Still, returns were insufficient to fully recover from the worst recession in the U.S. since the 1930s.

The Budget Reserve is set at 400 percent of the annual payout to allow for disbursements during market declines. The Budget Reserve investment is split between the Alaska Permanent Fund and the Treasury Division of the Alaska Department of Revenue. The Treasury Division Budget Reserve investments in FY2010 also improved markedly over previous years. Specifically this portion of the Budget Reserve gained

\$3.9 million compared to a \$4.7 million loss during FY2009.

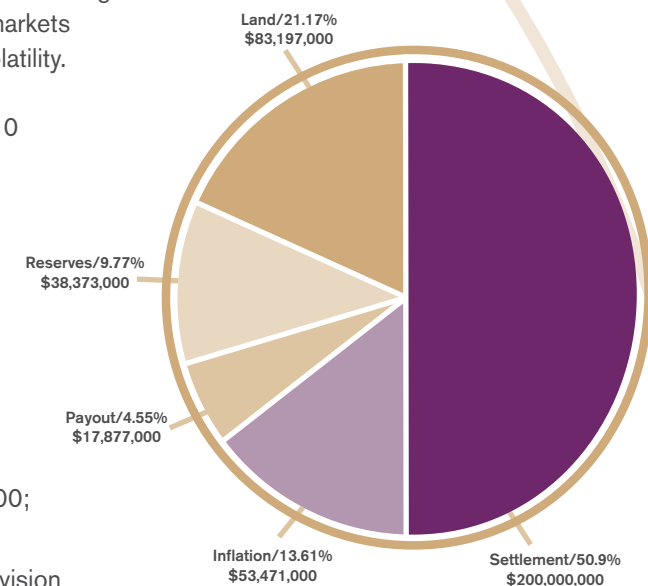
The Trust's payout rate, which is used to calculate the disbursement (or payout) for the annual Trust budget, remained at 4.25 percent. This rate is applied to the trailing four-year-average principal and budget reserve year-end balances to calculate the payout for the subsequent year. A four-year-average provides funding stability when financial markets experience significant volatility.

As a result of the FY2010 financial performance the following funding is available for FY2011:

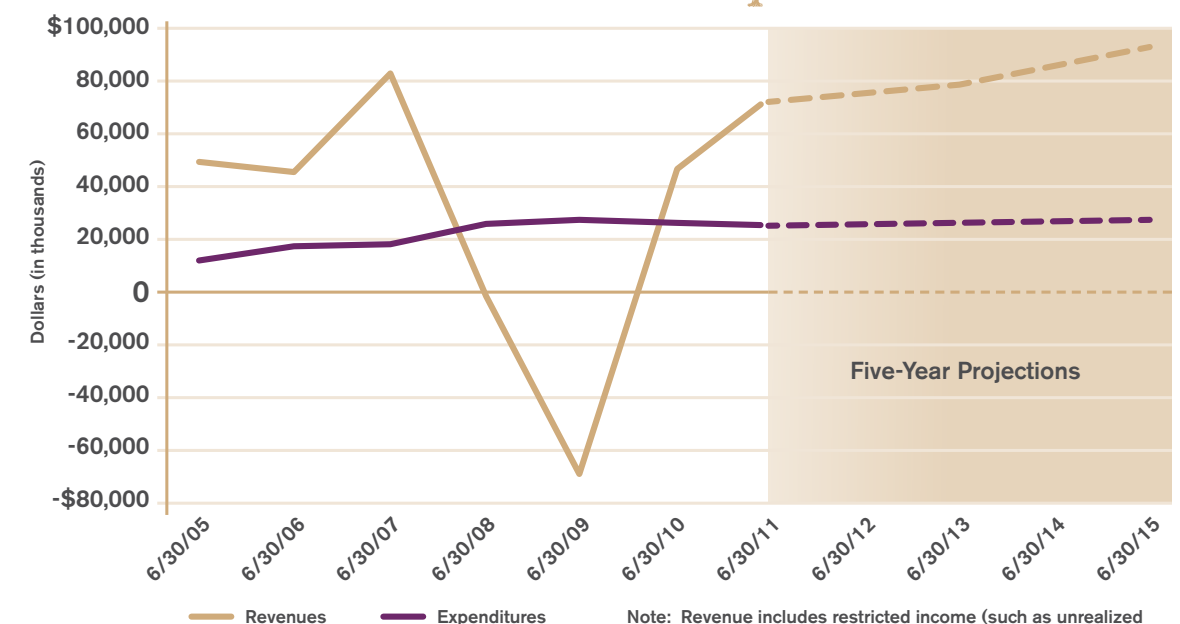
- disbursement (payout) rate of 4.25 percent, for a payout of \$17,877,000;
- resource management revenue allocated as income was \$2,107,000;
- interest on the Income Account at Treasury Division was \$1,072,000;

- lapsed funds from prior fiscal years were \$3,575,000; and
- total funding available for FY2011 is \$24,631,000. This is a one percent decrease from FY2010.

Trust Cash Assets at End of FY2010



Revenues and Expenditures



Note: Revenue includes restricted income (such as unrealized gain on securities and sale of principal land assets) which becomes part of trust principal and is not available for expenditure.

STEVE PLANCHON

Trust Land Office
Executive Director
1994-2004

When the Trust Land Office was created we had no staff, no regulations and nominal revenues being generated from The Trust's land and resources. We hired the right staff and contractors, framed an effective working relationship with DNR, got trust land management training and then went to work operating with the business philosophy of "under promise and over deliver." We focused first on resources that would generate high levels of revenue with low levels of controversy. By the end of the first year, we were operating in the black, and went on to establish an excellent reputation for our professional work, responsible development, positive community relations and, most importantly, the TLO's reliable and steadily increasing income stream, which was used to help fund programs and services for Trust beneficiaries.

The TRUST LAND OFFICE

The Trust Land Office (TLO) is a 14-person unit in the Department of Natural Resources that manages approximately one million acres of land throughout Alaska on behalf of Trust beneficiaries. Gross revenue in FY2010 totaled \$5.4 million with \$1.8 million as spendable income and \$3.4 million as principal revenue.

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; and sand, gravel and rock sales. Rents, fees and 15 percent of timber revenue are considered "spendable income" and are available to The Trust for use in the following fiscal year. Land sales, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "principal" and are deposited in The Trust corpus.

Trust land generates income from leases, sales, mineral exploration and development; coal, oil and gas exploration and development; and sand, gravel and rock sales.

Timber harvesting on Trust land in Southeast Alaska.

Highlights of 2010

- Received a royalty of \$292,900 from Fairbanks Gold Mining Inc. for 2009 production from its mine on Trust land north of Fairbanks.
- Sold 22 parcels in the 2010 land sale for \$698,166.
- Initiated an Underground Coal Gasification Program, offering approximately 190,000 acres for exploration for deep coal resources.
- Completed engineering, planning and permitting for development of a high-value 4.5 acre property in the University Medical District (U-Med) of Anchorage.
- Identified land for a sustainable fiber supply and income to The Trust.
- Continued discussions with the U.S. Forest Service regarding a land exchange in Southeast Alaska.

Ahead in the Future

The TLO will continue developing long-term plans for its natural resource portfolio and working with communities and individuals to increase public awareness of Trust lands and its mission. Key projects will include:

- exploration authorized by the Underground Coal Gasification Program could lead to development of deep coal resources resulting in royalty payments to The Trust;
- continuing improvements to a parcel in the U-Med District to ready the site by the end of 2011 for a building development opportunity;
- conducting timber sales in Haines, Thorne Bay and Ketchikan;
- pursuing new mining, coal, and oil and gas projects on Trust lands;
- exploring commercial and residential real estate development projects in Eagle River, Fairbanks, Wasilla, Sitka and Ketchikan; and
- continued exploration and planning by Talon Gold on a mineral lease at Livengood.

Budgeting for 2012

Each year the Board of Trustees makes recommendations to the Governor and the Legislature regarding expenditure of Trust funds and other state dollars to help pay for Alaska's Comprehensive Integrated Mental Health Program. These recommendations comprise the Mental Health Budget Bill. During the 2011 legislative session, The Trust will seek approval of our FY2012 operating and capital budgets.

The Trust, our partner boards and the Department of Health & Social Services (DHSS) have begun using a program management model called Results Based Accountability. This model is used to determine how much service is being delivered, how well or efficiently it is delivered, and whether beneficiaries are better off. This information will lead to informed budget requests for programs that make a difference.

Following are highlights of the projects planned for the next fiscal year in each Trust focus area:

Bring The Kids Home

- Increasing community services for transition age youth, family therapy and young children.
- Adapting some in-state beds to serve youth with severe emotional disturbances and co-occurring disabilities, such as autism, low cognitive functions and aggressive behaviors.
- Expanding community services such as community behavioral health services, school-based services, peer navigation, individualized services and psychiatric consultation.

Disability Justice

- Reduce juvenile and adult beneficiary criminal recidivism rates.
- Reduce the number of beneficiaries who have committed no crime but are incarcerated for an involuntary alcohol emergency commitment, protective custody hold.
- Improve community reintegration rates for Alaskan youth and adults from juvenile justice and adult correctional facilities.

Appropriate Affordable Housing

- Continuing our partnership with the Alaska Council on the Homeless and Alaska Housing Finance Corporation (AHFC) to gather data regarding homelessness and housing and implementing the first strategies in the Statewide 10-Year Plan to Reduce Homelessness.
- Seeking continued funding for improved housing through AHFC's "Homeless Assistance Program."
- Collaborating with the DHSS and other tribal and community partners on a Long Term Care Strategic Plan for Alaska to reduce the cost of institutional care for people with disabling conditions and the elderly.

Beneficiary Projects Initiative

- Invest in and advocate for statewide organizational capacity of peer support organizations through operating funding, technical assistance and key partnerships.
- Articulate the role and place of peer support and consumer organizations within Alaska's continuum of care.
- Invest in the peer support workforce via training, education, advocacy and collaboration with existing workforce initiatives statewide.

Workforce Development

Funding for a psychiatric residency program in Alaska is the top workforce priority of The Trust and DHSS for FY2012. The residency will be a partnership with the University of Washington, School of medicine, Psychiatric Residency Program. It will be overseen in Alaska by Providence Health & Services Alaska and funded by a consortium of public and private hospitals, Veterans Administration, tribal health system, Federal Healthcare Partnership in Alaska, the State and The Trust. The Governor has included the residency in his proposed FY2012 budget. The consortium will work with the Legislature to ensure the program is funded, so it can be launched in FY2013.

Alaska Rural Behavioral Health Training Academy



Education and career training remain top priorities as The Trust and its partners attempt to grow the workforce serving Trust beneficiaries.

The Trust and its partners have identified public transportation for seniors and Alaskans with disabilities as a top 2011 legislative priority.



The **TRUST**

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