



2011 ANNUAL REPORT

REDEFINING
COMMUNITY

The TRUST

The Alaska Mental Health
Trust Authority

BOARD OF TRUSTEES

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TRUST BENEFICIARIES

People with mental illness
People with developmental disabilities
People with chronic alcoholism and other substance related disorders
People with Alzheimer's disease and related dementia
People with traumatic brain injury

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
Alaska Brain Injury Network
Commissioner of Health and Social Services
Commissioner of Corrections
Commissioner of Revenue
Commissioner of Natural Resources

2011 OVERVIEW: REDEFINING COMMUNITY

This year we have chosen "Redefining Community" as our annual report theme in recognition of how our efforts on behalf of Trust beneficiaries are changing who and what our community is. Our mission statement states that The Trust "acts as a catalyst for change" to improve the lives of Trust beneficiaries. The changes we seek range from increasing and improving Alaska's mental health continuum of care to reducing the stigma and barriers beneficiaries experience. In driving change, we want to redefine our community as a place where our most vulnerable citizens have access to appropriate treatment and services and are free from discrimination.

The Trust occupies a unique place in Alaska State government. While we are a state corporation, we operate much like a private foundation, using our resources to fund projects and activities that promote change and improvement in Alaska's mental health service delivery system. A large share of The Trust's annual budget provides support for the State's mental health program and funds projects and activities in five focus areas that address issues with significant impact on our beneficiaries. These focus areas are making significant strides in affecting change and redefining our community for beneficiaries. Following is an overview of some of our focus area objectives and how they are reshaping our community.

Disability Justice Focus Area is helping redefine community as a place where treatment and services are viable alternatives to incarceration for youth and adults whose mental disabilities rather than criminal intent have resulted in their incarceration. We are working with a variety of partners to redefine our community as a place where supports are available to prisoners reentering the community so they are less likely to reoffend and can lead productive lives.

Affordable Appropriate Housing Focus Area is redefining community as a place where support services for people battling severe addictions are incorporated into local housing programs. We are assisting several social service providers in developing innovative housing that integrates tenants into the community even before they begin their recovery process.

Bring the Kids Home Focus Area is redefining community as a place where adolescents with behavioral health needs and their families are finding treatment and services close to home and early in their lives. We are working with state agencies, school districts and parents to create schools that provide safe, welcoming environments for youth who experience behavioral health problems, so all children have an opportunity learn.

Beneficiary Projects Initiative supports beneficiaries, their families and caregivers in redefining community as a place where they are actively engaged in their treatment or service delivery. To ensure peer-to-peer services are available, The Trust is assisting in the development and growth of a network of consumer-operated programs and promoting training for those who wish to work in the peer-support community.

Workforce Development Focus Area is redefining community as a place where jobs serving Trust beneficiaries are considered meaningful work and where an adequate, trained workforce is available to fill those jobs.

Creating change, especially lasting change, requires collaboration and commitment. We are joined in our efforts by a host of partners who share our vision for redefining our community on behalf of our beneficiaries. In many instances, we directly engage beneficiaries and family members for guidance and feedback. We also depend on input regarding funding and policy recommendations from the governor-appointed advisory boards that serve as a link between The Trust and individual beneficiaries, their families, caregivers and legal guardians. We also rely on participation and collaboration from a number of state agencies, tribal entities, service providers, funding partners and stakeholders.

The Trustees and Trust staff are committed to working with Governor Parnell, the Legislature and all our partners to continue redefining our community on behalf of Trust beneficiaries.

A handwritten signature in black ink, appearing to read "W. Doolittle".

William Doolittle, M.D.
Chair

A handwritten signature in black ink, appearing to read "Jeffrey L. Jessee".

Jeffrey L. Jessee
Chief Executive Officer



Our community HELPS BENEFICIARIES FIND NEW PATHS



Tracy Stelling during graduation at the Anchorage Wellness Court, a therapeutic court that assists beneficiaries dealing with alcoholism and substance abuse.



Bethel Sobering Center ribbon cutting (l-r): Jack Robert Crow, Rep. Bob Herron, Dr. Paul John, honorary YKHC board member, and Steve Williams.

Trust beneficiaries have an increased risk of involvement with the criminal justice system both as defendants and as victims because of their disabilities. Each year hundreds of beneficiaries are incarcerated, though they have committed no crime, because adequate service alternatives are not available to provide for their safety and treatment. Many more are arrested, prosecuted and incarcerated for minor offenses that result from their mental disabilities rather than criminal intent. The Trust and its partners in the Disability Justice Focus Area are working to reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system and redefining our community as a place that accommodates victims and offenders who are Trust beneficiaries.

Offender Re-entry Pilot. FY11 marked the fourth year the Department of Corrections (DOC) operated a re-entry pilot project focused on Trust beneficiaries. Piloted in Anchorage, Fairbanks, Juneau and the Mat-Su Valley, it is patterned after the evidenced-based practice Assess, Plan, Identify, and Coordinate (APIC). The goals are to ensure continuity of care for Trust beneficiaries transitioning from the correctional system to the community, maintaining public

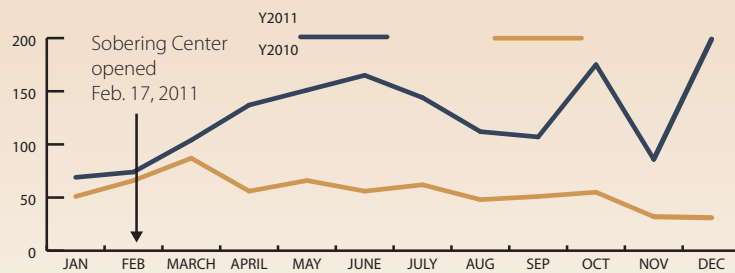
safety and reducing recidivism. It was anticipated that APIC would serve 60 individuals annually; in FY11 it served 143.

Five-Year Re-entry Plan. In FY11, The Trust shared its experience and expertise in prisoner re-entry by participating on a statewide, multi-partner taskforce that unveiled Alaska's first Five-Year Prisoner Reentry Strategic Plan aimed at improving former prisoners' successful community re-integration. The Prisoner Reentry Task Force included leaders from DOC, The Trust, Alaska Court System, Alaska Judicial Council, Alaska State Troopers, Department of Health and Social Services, Nine Star Education and Employment Services, Partners for Progress, Cook Inlet Tribal Council, Alaska Native Justice Center, Victims

for Justice and United Way of Anchorage, many community groups and local governmental agencies.

Bethel Sobering Center. A new 3,100-square-foot sobering center opened in Bethel in FY11. It provides a safe, less costly alternative to the limited resources of the local jail and emergency room for individuals who are at risk of harming themselves or others because of their substance abuse. The \$1.9 million facility was the result of a three-year partnership with the City of Bethel, Yukon Kuskokwim Health Corporation, Department of Health and Social Services, Bethel Community Service Foundation and The Trust. State Sen. Lyman Hoffman and Rep. Bob Herron were instrumental in gaining State capital and operating funds for the project.

YK CORRECTIONAL CENTER PROTECTIVE CUSTODY HOLDS



The Bethel Sobering Center has reduced the number of people at the Yukon Kuskokwim Correctional Center being held under Title 47 protective custody holds because of substance abuse.

Our community PROVIDES A PLACE TO CALL HOME



Grand opening of Karluk Manor, the state's largest Housing First facility, operated by RurAL CAP.



Nugen's Ranch, a residential drug and alcohol treatment program, relocated to a new facility at Point Mackenzie with support from The Trust.

The Trust and our state, non-profit and housing partners in the Affordable Appropriate Housing Focus Area are attempting to redefine our community as a place in which Trust beneficiaries and other vulnerable Alaskans can afford housing that provides a safe, healthy environment. In Alaska, these individuals have many housing challenges due to their need to connect with supportive services and the problems posed by Alaska's high housing costs and remote locations. As a result, safe, affordable, accessible and appropriate housing is cited repeatedly as the key resource Trust beneficiaries need to continue their rehabilitation and recovery, and maintain a healthy lifestyle.

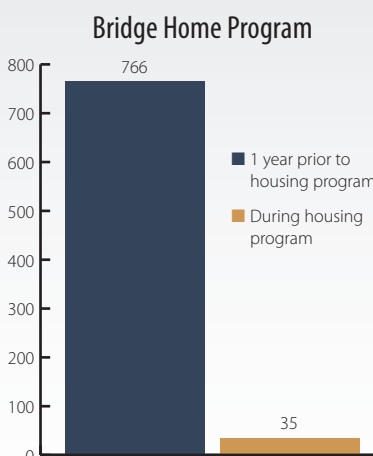
Housing First Grows. Over the last five years, The Trust has funded several Housing First projects that have resulted in increased tenure in safe, stable housing by people with intensive needs. In this model, an individual is safely housed first; then the person's barriers to successful housing are identified and supportive service plans are implemented to ensure long-term stability and healthier living. In FY11, Tanana Chiefs Conference (TCC) of Fairbanks began work on an innovative project that will provide 47 residential units for chronically homeless individuals

with addictions and 56 hotel units for TCC clients who need short-term accommodations while seeking medical services. This innovative housing approach provides opportunities for the Housing First tenants by potentially offering training and employment in hotel services, such as laundry, housekeeping and food service in the hotel restaurant.

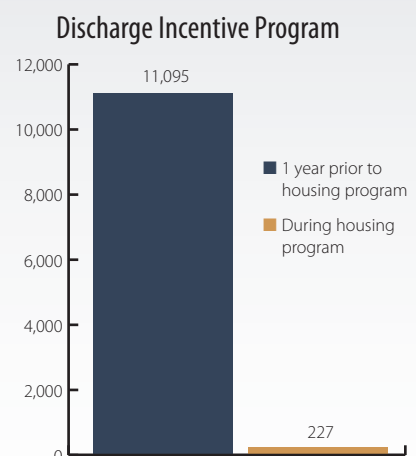
Long Term Care Planning. Alaska has the fastest growing senior population in the nation. According to the Alaska Department of Labor and Workforce Development, there are

more than 85,000 Alaska seniors age 60 and older, representing 12 percent of the state's population, a 53 percent increase since 2001. As the number grows, demand is accelerating for affordable, accessible senior housing units and social services. The Trust joined state agencies, service providers and senior advocates in FY11 as part of a statewide planning effort that is examining the long-term-care resources available for this growing population and developing plans to address the increasing need for housing and health care workforce to care for them.

STABLE, SUPPORTED HOUSING REDUCES JAIL DAYS



N= 4 new participants in FY11. Prior year participants remained stable in housing with a low jail rate of 10 parole violations and 9 new arrests among 52 participants.



Department of Corrections Discharge Incentive program July 1, 2010 to June 30, 2011. Time in program varied per participant. N=75

Our community ENSURES KIDS HAVE OPPORTUNITIES FOR SUCCESS



Fherron Hines at the annual Youth Policy Summit, which helps youth learn and practice advocacy skills.



Weaving A Circle of Care provided training for 254 family members, service providers and foster parents about how to parent kids with poor learning skills and challenging behaviors. This project was funded by The Trust and the Office of Children's Services.

The Bring the Kids Home (BTKH) Focus Area is reforming Alaska's behavioral health system of care for children by increasing community-based services, improving service quality, coordinating with families, and working with schools to promote healthy learning environments.

Returning Children to Alaska.

BTKH began in 2004 as an initiative to return children with severe emotional disturbances from out-of-state residential psychiatric facilities to treatment in Alaska and to keep additional children from moving into out-of-state care. Funded by The Trust and the Department of Health and Social Services, this initiative is a good example of how The Trust uses its resources to affect system change and redefine our community, so young Trust beneficiaries and their families have access to the resources they need.

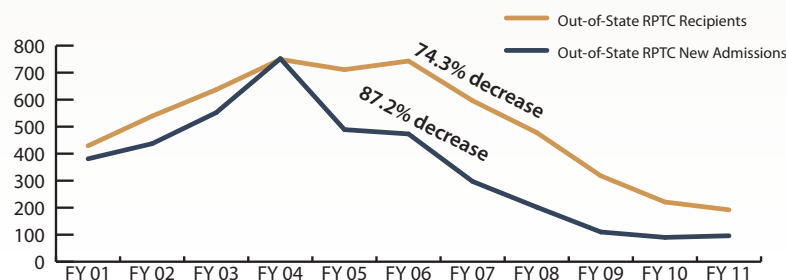
Rural Capacity. During FY11, BTKH continued work to expand in-state capacity. Accessing behavioral health services for children in rural Alaska can be challenging for families. The BTKH Rural Tribal Behavioral Health Workgroup assisted tribal organizations in assessing their internal infrastructure to allow expansion of behavioral health services for children and families in their communities. The assessment revealed ways service providers could improve

practices and access federal Medicaid funds to expand their behavioral health services. As a result, on-line training modules are being developed to train rural providers regarding Medicaid.

Improving Schools. Faculty, staff, students and families must all be engaged in creating a positive school environment in order for youth with severe emotional disturbances to succeed in the classroom. During FY11, the BTKH Education Subcommittee collaborated with the Department of Education and Early Development and several school districts to implement positive behavior support programs. These programs provide educators, staff and families with the tools to help youth with behavioral health problems integrate into local schools better and help keep them there. They also reduce development of behavioral health problems at school.

Protecting Older Youth. As youth with behavioral health problems reach late adolescence, they tend to stop participating in services. These youth drop out of school more often, and have higher rates of homelessness, joblessness, involvement with the criminal justice system and emergency room admissions. During FY11, BTKH funded start-up of the best practice Transition to Independence Process (TIP) in Anchorage, Fairbanks, Juneau, Sitka and the Mat-Su Valley. TIP helps youth transition into successful, stable adulthood by providing skills to finish school, find employment and housing, and remain safe and healthy.

OUT-OF-STATE RESIDENTIAL PSYCHIATRIC TREATMENT CENTERS (RPTC)



Our community EMBRACES PEER SUPPORT



Since its inception in 2005, the Beneficiary Projects Initiative (BPI) has supported development and stabilization of more than 20 grassroots, consumer-operated, peer-to-peer programs. As part of this effort, The Trust has brought together state agencies, peer support organizations and individual advocates to help redefine our community as a place that encourages beneficiaries to actively engage in their recovery and long-term wellbeing.

Federal Recognition. Growth of the peer support movement in Alaska mirrors the national movement, which has been steadily gaining support and recognition from the federal government. For instance, the Substance Abuse and Mental Health Services Administration (SAMHSA) recently drafted a working definition and principles that acknowledge self-determination and self-direction as the foundations for recovery.

Integration In Alaska. In FY11, Alaska joined several other states that now accept peer support services as a Medicaid reimbursable component in the state's behavioral health service delivery system. To foster the use of Medicaid funding for peer support services, the Alaska Peer

Support Consortium, a statewide network of consumer-operated, peer support organizations convened Alaska policymakers, providers and peer support advocates in a day-long summit to collaborate on ways to integrate peer support into Alaska's behavioral health system.

Training/Technical Assistance. The consortium is also becoming a leader in training and technical assistance related to peer support services. The consortium's FY11 biannual training conference, Peer Powered Systems, drew more than 300 peers, family, students, teachers, administrators, social workers, and therapists for two days of workshops about innovative projects and evidence-based models of recovery and wellness. In addition, the consortium collaborated with The Trust and the Division of Behavioral Health to offer service providers technical assistance in developing peer support services.

Small Projects. The Trust annually provides small project grants of up to \$10,000 for innovative projects or enhancements to existing projects that are of direct benefit to Trust beneficiaries. In FY11, The Trust awarded 34 small project grants totaling \$272,744 to organizations

in Anchorage, Copper Center, Fairbanks, Ft. Yukon, Homer, Kenai, Ketchikan, Kodiak, Kongiganak, Kotzebue, Juneau, Saxman, Sitka, Soldotna and Wasilla.



Young musicians at the Fort Yukon Youth Center, which was funded by a small project grant from The Trust.

FY11 MINIGRANTS TO INDIVIDUAL BENEFICIARIES

Beneficiary Group	Amount Awarded	Beneficiaries
Alzheimer's Disease and Related Dementia	\$248, 594	259
Developmental Disabilities	\$222, 852	192
Behavioral Health	\$647, 623	393
TOTAL	\$1,119,069	844

The Trust Mini Grants Program provides individuals within all our beneficiary groups with up to \$2,500 for a broad range of equipment, supplies and services to improve their quality of life, increase independent functioning, and help them attain and maintain healthy and productive lifestyles. Mini grants are based on need and are only awarded to an agency on behalf of the beneficiary.



Jenn Cusick and Jene McNearney celebrate completion of WRAP (Wellness Recovery Action Plan) peer support training.





Our community

FINDS SERVING BENEFICIARIES IS MEANINGFUL WORK



A vacancy study shows many jobs for clinicians and therapists go unfilled in Alaska, especially in rural areas.



The Trust Training Cooperative is a clearinghouse for beneficiary-related training.



The University of Alaska is educating the next generation of clinical professionals.



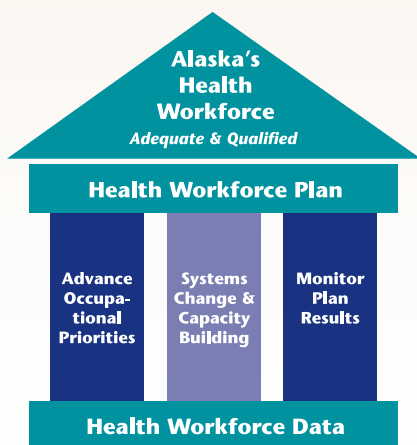
The Trust and its workforce partners have merged with the Alaska Health Workforce Coalition to ensure service providers have a trained workforce to serve beneficiaries.

Alaska is experiencing a healthcare workforce crisis, especially in many sectors that serve Trust beneficiaries. In response to this crisis, The Trust partnered in FY07 with several state agencies, service providers, tribal organizations, consumers and the University of Alaska to create the Trust Workforce Development Focus Area. In FY11, The Trust's Workforce Focus Area partners merged with the Alaska Health Workforce Coalition, a public-private partnership created to address health workforce issues. The merger is a significant step toward strengthening and sustaining The Trust's efforts to ensure service providers across the state have access to a capable, culturally competent workforce to serve Trust beneficiaries, their families and communities.

Action Agenda. Because the number of occupations that comprise Alaska's health workforce is so large, the coalition realized early on that not all areas of need could be addressed immediately. Therefore, the coalition adopted an Action Agenda that identifies specific objectives to be completed before 2015. It focuses on six occupations and six systemic change initiatives determined by the coalition to be in highest need of attention with strategies that can be implemented and achieved in the short term. Two of the six occupational priorities in the Action Agenda are essential in meeting the needs of Trust beneficiaries. They are direct care workers and behavioral health clinicians.

Workforce Plan. The coalition includes government, industry and education partners committed to sharing resources, information and action that address the workforce needs of Alaska's healthcare industry. These needs are outlined in the Alaska Health Workforce Plan, which was adopted by the Alaska Workforce Investment Board as well as The Trust and other coalition members.

Training/Education. The Trust Workforce Development Focus Area will continue to fund the Trust Training Cooperative, which provides a clearinghouse for trainings related to Trust beneficiary issues, training when appropriate, and technical assistance and support for agencies creating distance delivery programs. The Trust will also continue to work with the University of Alaska to grow its course offerings that develop clinical professionals who work with people with mental health disorders, alcohol and substance abuse, and co-occurring disorders.



REGAINING PORTFOLIO VALUE



The Trust had \$97.4 million in total revenues during FY11 generated primarily by \$79 million in gains and interest from Trust investments followed by over \$16 million in various revenues generated by the Trust Land Office (TLO) through land sales and natural resource development on Trust lands. The investment gains enabled The Trust to regain the majority of losses experienced during dramatic market declines that began in 2008. The Trust ended the fiscal year with total net assets of \$501.8 million, including principal, budget reserves and capital assets.

Cash Assets. The majority of Trust cash assets (investments excluding land assets managed by the TLO) are invested at the Alaska Permanent Fund Corporation (APFC). Trust investments at APFC increased by \$71.3 million, or 20.3 percent, during FY11 – a marked improvement over the \$17 million return from the prior year.

Budget Reserves. The Trust strives to achieve and maintain adequate budget reserves to ensure continued sufficient annual payouts are available to sustain programs even when markets experience declines. The Trust has a target balance for the budget reserve equal to four years of gross annual payout from investment accounts.

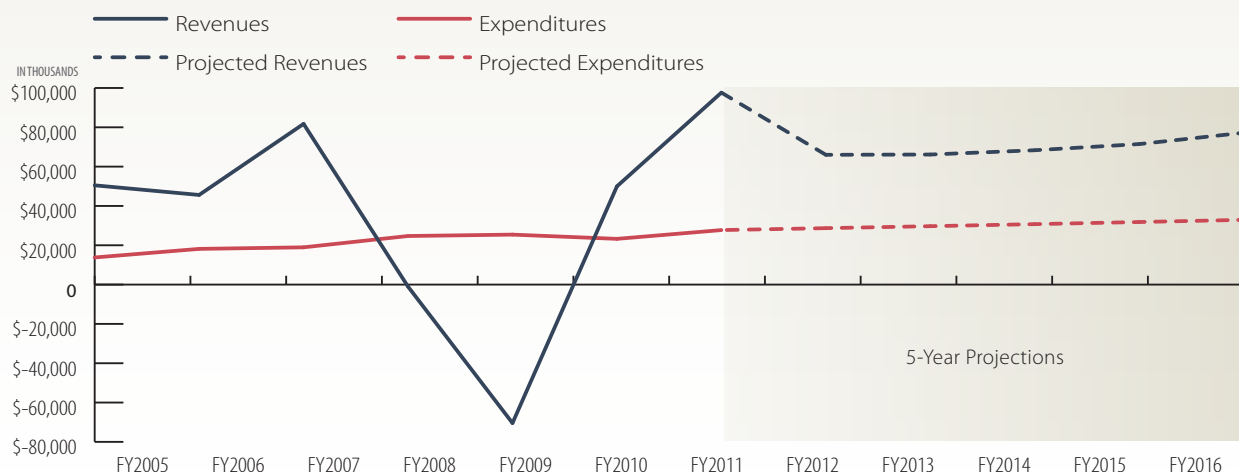
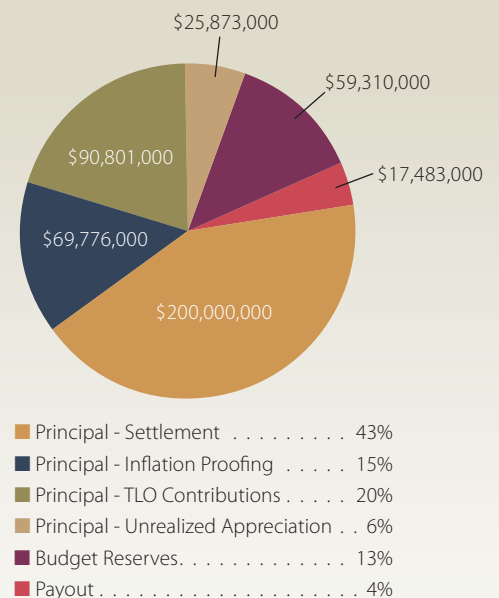
The budget reserve is invested across the Alaska Permanent Fund and the Alaska Department of Revenue Treasury Division. The Treasury Division budget reserve investments in FY11 returned 21 percent or \$7.3 million compared to \$3.9 million gain experienced during the prior year and ended the year with \$42 million in net assets. The portion of the budget reserve invested alongside principal ended the year at \$34.7 million and, because it is commingled with Trust principal investments at APFC, had the same 20.3 percent total return.

Payout. 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.

Available Funds. As a result of the FY11 financial performance, the following funding is available for FY12:

- disbursement (payout) rate of 4.25 percent, for a payout of \$17,483,000;

- resource management revenue allocated as income was \$3,454,000;
- interest on the Income Account at Treasury Division and other miscellaneous income totaled \$510,000;
- unexpended funds from lapsed appropriations made in prior fiscal years was \$4,145,000; and
- total funding available for FY12 (after accounting for certain one-time adjustments) was \$25,816,000. This is nearly a five percent increase from the prior year.



Trust Land Office

GENERATING REVENUE FROM LAND AND RESOURCES



Ft. Knox Mine near Fairbanks is an open-pit gold mine located on Trust land.



Gold exploration is underway on Trust land near Livengood.



Timber sales have accounted for nearly half of the TLO's income in recent years.



The Trust purchased a 29,000-square-foot Class A building in Anchorage that provides lease income and office space for the TLO.

The Trust Land Office (TLO) is a 16-person unit attached to the Department of Natural Resources that is specifically responsible for managing The Trust's approximately one million acres of land and other natural resources to generate revenue for the benefit of Trust beneficiaries.

Gross FY11 revenue totaled about \$16.6 million, of which about \$3.3 million was spendable income and about \$13.3 million was principal revenue. Revenue-generating uses of Trust land include land leasing and sales; real estate investment and development; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses.

Rents, fees and 15 percent of timber revenue from Trust land uses are considered "spendable income" and are available to The Trust for use in the following fiscal year. Land sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "principal" and are deposited in The Trust corpus, which is held and managed by the Alaska Permanent Fund Corporation.

Highlights of FY11

- Generated the second highest revenue since the TLO's inception in 1995.
- Received a royalty payment from Fairbanks Gold Mining Inc. for 2010 production from its mine on Trust land north of Fairbanks.
- Sold 31 parcels in the 2011 land sale for a total value of \$1,365,000.
- Issued the first Underground Coal Gasification licenses to Linc Energy near Tyonek, Healy and Kenai.
- Sold a 7-acre parcel to the University of Alaska in the Anchorage U-Med District through a sealed bid auction for \$8.5 million.

- Received a record \$1.2 million in bonus bids and first-year rental revenue from oil and gas leases on 17 tracts in the Cook Inlet Basin.
- Purchased a 29,000-square-foot Class A office building in mid-town Anchorage as a long-term income producing property for The Trust and relocated the Trust Land Office into space on the first floor.
- Continued to work with the U.S. Forest Service on a land exchange in Southeast Alaska.

Future Focus

The TLO will continue developing long-term plans for The Trust's natural resource portfolio and work-

ing with local communities and individuals to increase public awareness of Trust lands and the TLO's mission. Key projects include:

- Continuing exploration and transition to leases for land in the Underground Coal Gasification Program. Development of leases could lead to production of deep coal resources resulting in royalty payments to The Trust.
- Continuing improvements to a parcel in the U-Med District to prepare the site for a building development opportunity.
- Conducting timber sales in Haines and Thorne Bay.
- 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 and the Kenai Peninsula.
- Transition to planning and engineering in preparation for production by Tower Hill Mines on a mineral lease at Livengood.
- Production and further development by Buccaneer Alaska of gas resources on the Kenai Peninsula.
- Generate additional spendable income revenues for The Trust through increased real estate investments.

AHEAD IN FY13



It is likely that someone you know is a Trust beneficiary, whether it is a family member, friend, co-worker or neighbor. It might even be you.

Each year the Trustees make recommendations to the governor and the Legislature regarding expenditure of Trust income and other state funds to support Alaska's Comprehensive Integrated Mental Health Program. These recommendations comprise the Mental Health Budget Bill. During the 2012 legislative session, The Trust will seek approval of our FY13 operating and capital budgets. Following are program highlights planned for the next fiscal year in each Trust focus area:

Disability Justice

- Increasing access to behavioral health treatment for participants of therapeutic courts.
- Increasing access to mental health treatment for incarcerated adult offenders.
- Reducing juvenile and adult beneficiary criminal recidivism rates.
- Improving community reintegration from juvenile justice and adult correctional facilities for youth and adults.

Appropriate Affordable Housing

- Continuing our partnership with the Alaska Council on the Homeless and Alaska Housing Finance Corporation (AHFC) to collect baseline data regarding homelessness and housing for Trust beneficiaries and implement the strategies

in the Statewide 10-Year Plan to Reduce Homelessness.

- Seeking continued state funding for AHFC's "Homeless Assistance Program" to support individuals transitioning from homelessness through supported housing.
- Collaborating with the Department of Health & Social Services 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 and ensure access to services will meet the needs of our increasing senior population.

Bring the Kids Home

- Investing resources to intervene earlier, more intensively and more effectively with children and families.

- Supporting implementation of effective practices in additional communities.

- Continuing to develop in-state services for children with co-occurring disorders.

Beneficiary Projects Initiative

- Increasing capacity of peer support organizations through operating funding, technical assistance and partnerships.
- Planning, advocating and implementing peer support within community behavioral health settings across Alaska.
- Investing in peer support workforce via training, education, advocacy and collaboration with existing workforce initiatives statewide

Workforce Development

- Establishing a psychiatric residency program to meet critical mental health workforce needs in Alaska.
- Seeking funding to sustain and grow Alaska's four Area Health Education Centers (AHEC) as federal start-up funds come to an end for this workforce development program aimed at K-12 students.
- Establishing in-state programs to train physical therapists and physical therapist assistants to meet the demand created by Alaska's growing senior population.

The TRUST

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Trust Authority

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