

HOUSE FINANCE COMMITTEE
January 31, 2024
1:37 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:37 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Mike Cronk

ALSO PRESENT

Anita Halterman, Chair, Alaska Mental Health Trust Authority; Steve Williams, Chief Executive Officer, Alaska Mental Health Trust Authority.

SUMMARY

HB 270 APPROP: MENTAL HEALTH BUDGET

HB 270 was HEARD and HELD in committee for further consideration.

OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY

Co-Chair Johnson reviewed the meeting agenda.

#hb270

HOUSE BILL NO. 270

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

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^OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY

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ANITA HALTERMAN, CHAIR, ALASKA MENTAL HEALTH TRUST AUTHORITY, introduced herself and opened with prepared remarks about the Alaska Mental Health Trust Authority (AMHTA):

We appreciate the opportunity to present to the committee today. The Alaska Mental Health Trust Authority is a state corporation that administers the Alaska Mental Health Trust. We are a grant maker, an advocate for vulnerable Alaskans, and a systems change agent. By working with state and local governments, tribal, nonprofit, and provider partners we endeavor to improve the outcomes for our trust beneficiaries and to continue to build the continuum of care that meets the needs for Alaskans. I hope that through our presentation today we illustrate that as a board and an organization, we prudently and carefully manage and apply trust resources.

Ms. Halterman introduced AMHTA trustees shown on slide 2 of a PowerPoint presentation titled "House Finance Committee" dated January 31, 2024:

- Brent Fisher, Vice Chair
- Agnes Moran, Secretary, Program & Planning Committee Chair
- John Sturgeon, Resource Management Committee Chair
- Kevin Fimon, Audit & Risk Committee Chair
- John Morris, Finance Committee Chair
- Rhonda Boyles, Trustee

Co-Chair Johnson welcomed the trustees to House Finance.

Ms. Halterman relayed that the AMHTA Board of Trustees was an independent board that provided governance, fiduciary oversight, and direction to an organization in order to achieve the mission of the trust. Trustees had five-year terms and were appointed by the governor and confirmed by the legislature. She reviewed trust beneficiaries on slide 3:

Trust beneficiaries include Alaskans who experience:

- Mental illnesses
- Intellectual and/or developmental disabilities
- Alzheimer's disease and related dementia
- Traumatic brain injuries
- Substance use disorders

Ms. Halterman elaborated on trust beneficiaries with prepared remarks:

We recognize that many of our beneficiaries fall into more than one group. We support both youth and adult beneficiaries and we prioritize individuals whose behavioral health condition or developmental disability place them at risk of institutionalization if they don't have proper community-level services and supports. We also consider prevention, one of these conditions, when possible, to be part of our mandate.

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Ms. Halterman turned to slide 4 and read the mission of the trust:

- Administer the Mental Health Trust, a perpetual trust
- Improve lives and circumstances of Trust beneficiaries
- Protect and enhance value of Trust lands while maximizing revenues from them over time

Ms. Halterman elaborated on slide 4 with prepared remarks:

The Alaska Mental Health Trust Authority, the Trust, is a state corporation that administers the Trust perpetually to improve the lives of beneficiaries. The Trust operates much like a foundation, using its land and cash assets to help ensure that Alaskans have a comprehensive suite of mental health and disability services that meet the needs of our beneficiaries in

their own communities. The Trust Land Office is contracted exclusively by the Trust to manage its approximately 1 million acres of land and other non-cash assets in order to generate revenue over time to serve our beneficiaries.

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STEVE WILLIAMS, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, introduced himself and thanked the committee for inviting AMHTA to present. He turned to slide 5 titled "Financial Position." A bar chart on the slide showed AMHTA's financial position over time through the end of 2023. The trust's invested assets totaled approximately \$818 million at the end of 2023, reflecting an increase from \$809 million the previous year. The corpus of the trust was approximately \$538 million (reflected by the green portion of the bars), which was an increase of about \$7 million from the previous year. He explained that the increase was largely attributable to the principal revenue generated from the Trust Land Office (TLO). The trust budget reserves totaled about \$218 million (reflected by the light blue portion of the bars) and commercial real estate equity totaled about \$61 million (shown in dark blue). The chart showed the AMHTA financial position had grown steadily since 1997 as a result of prudent management by the board, TLO, and Trust Authority Office (TAO). He noted several dips in the trust's invested assets, specifically in 2008 through 2010 due to the national economy. He noted that the \$818 million of invested assets did not include the 1 million acres of land managed by the TLO.

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Mr. Williams turned to slide 6 titled "Commercial Real Estate." The trust owned seven properties including two properties in Alaska, one property in Washington, one property in Utah, and three properties in Texas. The occupancy rate for all seven properties was 98 percent, which exceeded the current national average of approximately 80 percent. Additionally, the portfolio performance currently exceeded the national average by about 6 percent. The TLO had experienced staff tasked with ensuring the properties were occupied, high quality, retaining their value, and generating revenue. The assets were in the 7 to 20-year mark in their lifespan and the

board's Resource Management Committee directed the TLO to continue active and prudent management of the assets and to provide recommendations for the board to consider regarding disposal of the assets when financially prudent.

Representative Tomaszewski thanked the presenters. He relayed that the Legislative Budget and Audit Committee had recently seen information about some commercial property the trust had purchased without proper authority. The committee had been told the properties should be divested. He asked if the trust had divested in the properties. He asked for additional details.

Mr. Williams answered that the properties referenced by Representative Tomaszewski and discussed in a previous Legislative Budget and Audit report were the seven properties discussed on slide 6. He explained that the properties had been acquired in the mid-2000s. During that time period there was a question about whether trust principal could be used to purchase commercial real estate. In 2021, the trustees transferred trust income of approximately \$39 million back to the corpus of the trust to repay the principal.

Representative Tomaszewski asked if the recommendations from the audit had been satisfied.

Mr. Williams answered that the trust was following the audit recommendations. He explained that when financially prudent, AMHTA would look at disposal of each of the properties.

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Representative Coulombe looked at the trust's financial assets shown on slide 5 and observed that restricted and unrestricted reserves reflected a substantial amount of money. She asked if the funds were reserved for operations or grants.

Mr. Williams replied, "Both." He explained that AMHTA's asset management policy had a budget reserve target of 400 percent of the payout amount for the previous four years from the Alaska Permanent Fund. In a period of [economic] downturn the reserves would enable the trust to ride out the dip without any impact to grants or TLO and TAO operations.

Representative Coulombe asked if Mr. Williams was referring to the restricted and/or unrestricted reserves.

Mr. Williams responded that the restricted and unrestricted reserves were both used in the calculation of the 400 percent.

Representative Josephson referenced management of real estate income that should have been managed by the Alaska Permanent Fund Corporation (APFC). He noted the issue had received broad coverage and was the subject of an audit. He asked if the issue had been resolved.

Mr. Williams replied that he was not certain he understood the question. He stated that originally when the commercial real estate properties were purchased there had been a question about whether trust principal could be used for the purchase. The AMHTA trustees used income to repay \$39 million to the principal of the trust that a legislative audit specified should have been invested in the Permanent Fund.

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Representative Josephson stated procedurally it had been unclear whether AMHTA would pivot back to allowing APFC to have its statutory role in managing the funds. He sensed that APFC had been acquiescent about the situation, but that there was a rule that was not being complied with. He asked if the issue had been resolved.

Mr. Williams replied that APFC actively managed the corpus and principal of the trust. The \$39 million was invested and actively managed by APFC along with all the other financial assets.

Representative Hannan asked for verification that the real estate investment equity shown on slide 5 was not restricted or unrestricted but was shown on the slide as a percentage of assets.

Mr. Williams replied affirmatively.

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Mr. Williams moved to "FY 25 Available Funding" on slide 7. The slide depicted the trustee's approval of the use of trust funds for FY 25. The trust generated revenue in four ways and used a calculation to determine available spending for the future fiscal year. The investment portfolio payout shown on the top row of a table titled "Trust's Estimated Available Funding FY 25" represented the Permanent Fund. He reminded committee members that figures shown in each of the rows in the table were based on an average of the past four years. The first row showing approximately \$32 million reflected 4.25 percent of the average of the previous four years of the Permanent Fund [investment portfolio payout] at the close of each fiscal year. The second row showed \$2.2 million in prior year funds carried forward. He explained that the funding reflected grant funds from previous years that were not fully expended. The third line showed projected TLO spendable income at \$3.7 million and the fourth row showed interest earnings of \$189,500 (interest on funds in the checking account). The total projected available funding for FY 25 was \$38.5 million, reflecting a slight increase from FY 24. He noted that the investment portfolio payout funding was based on APFC's midrange return projection.

Representative Galvin asked about the 4.25 percent. She recalled that when Callan came to present to the committee the previous year, they were proud of how well the fund was doing. She asked for details on the board's discussion on growing the corpus versus ensuring the trust got as much money as possible out for services. She observed that the trust had been very conservative. She remarked that the fund was doing very well, and she wondered whether the board had considered a payout at a different percentage. She also asked whether the \$2.2 million in carried forward funding would go straight into grants out the door. She asked if an effort had been made to ensure the grant funds were spent rather than carrying over into the future.

Mr. Williams shared that AMHTA had contracted Callan to look at the 4.25 percent payout in the spring of 2022. Callan had looked at the percentage to determine whether the 4.25 percent payout should be increased or decreased based on a number of different scenarios. He highlighted that one of the trust's responsibilities was to ensure there was parity and equality for current and future beneficiaries. He explained that AMHTA was tasked with ensuring the percentage payout did not put the trust at

risk for future beneficiaries. He reported that Callan had determined 4.25 percent was currently the appropriate payout. He added that the analysis was done every few years and AMHTA took growth of the fund and the fiscal environment into account.

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Representative Galvin remarked that in the current environment people could get 4.5 percent [interest] in a bank account. She thought it sounded like AMHTA waited a substantial period of time before making changes, which she could appreciate. She considered that the number recommended by Callan for the Permanent Fund was higher. She commented on the desperate need for behavior health services supported by the trust and vocalized support for considering the marketplace in more real time.

Mr. Williams asked for a reminder of the rest of the question.

Representative Galvin complied.

Mr. Williams answered that the prior year funds carried forward represented the previous four-year average of grant funding that was not fully expended. He explained that the trust would identify and expend the funding on grants in FY 25.

Representative Galvin asked whether the amount [of carried forward funds] was an industry standard. She asked if the number was not unexpected given the magnitude of funding dispersed by the trust.

Mr. Williams replied that he did not know whether it was an industry standard, but AMHTA tried to make certain that no less than 10 percent of its awarded grants lapsed.

Representative Stapp asked if the board had always recommended a 4.25 percent draw since the fund's inception. He asked if the draw had been higher or lower in the past.

Mr. Williams replied that the draw had not been 4.25 percent since the fund's inception. The number had grown since 1997. He did not have the year when the increase was made, but he could follow up with the information.

Representative Stapp was satisfied with the answer and did not need additional information.

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Mr. Williams advanced to a pie chart showing FY 25 spending on slide 8. The TAO and TLO shown in green and blue, respectively, represented the agency budgets. The TAO had a staff of 17 and the TLO had a staff of 19. The slide showed the agency budgets, which had been kept relatively flat for the past several years. The trust had been attentive to the allocation and needs for each agency budget. Additionally, AMHTA wanted to ensure the TAO had adequate staff to ensure grant funding got out the door to communities and that it was able to monitor and manage grants and work with agencies if they had any challenges with implementation of projects. Trust Land Office work was about generating and maximizing revenue off of trust lands in addition to acting as good stewards of the land and mitigating any liabilities in order to maximize revenue in the future.

Mr. Williams pointed to the yellow portion of the pie chart on slide 8 reflecting Mental Health Trust Authority Authorized Receipts (MHTAAR). The trustees approved \$10.2 million in trust funds for 11 departments in different amounts to support trust and state programs, services, and initiatives. The legislature provided receipt authority for the departments to expend the funds similar to federal receipt authority. The dark green portion of the chart reflected authority grants. The grants were made directly from the trust office to local governments, nonprofits, and tribal organizations that provide services to trust beneficiaries. He explained that the House Finance Committee saw the \$10.2 million in MHTARR funds in the state budget, but it did not see the \$19.4 million in authority grants provided directly from the trust to organizations. The authority grants supported the state system by ensuring organizations had funding available for things like deferred maintenance, new programs, and capital needs such as updates to financial software.

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Representative Tomaszewski stated that the legislature often got questions from constituents about why they were not getting paid on time by other departments. He asked if AMHTA used a set of metrics to determine whether it was

getting payments for services rendered from grantees. He asked how AMHTA ensured everyone got paid on time.

Mr. Williams replied affirmatively. He explained that after a grant was approved, the trust tried to get the first payment out within 30 days.

Representative Coulombe asked if the amount shown for MHTAAR grants was more or less than the previous year. She asked if the amount was typically around the same annually and how AMHTA determined the amount.

Mr. Williams answered that the FY 25 MHTAAR amount was about \$500,000 higher than the FY 24 amount. He explained that when staff developed budget recommendations that were presented to trustees in the summer and the legislature and administration by September 15, they looked at priorities, needs, and capacity for the individual departments to distribute the funding. He noted that the number fluctuated. He added that part of the trust's consideration when bringing forward MHTAAR increments was whether there was any state match. He explained it was not a requirement and the majority of the grants did not have a state general fund match.

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Representative Coulombe asked how AMHTA prioritized its authority grants. She thought the trust likely received a substantial number of requests from across Alaska. She had looked at an AMHTA pamphlet and observed that the trust appeared to have several priorities based on the numbers. She asked if the trust focused on a particular area of the state when deciding how to distribute the \$19.4 million in grants in FY 25.

Mr. Williams requested to answer the question on a future slide.

Mr. Williams moved to slide 9 titled "MHTAAR Grants, FY 25." A pie chart on the slide showed the 11 departments receiving MHTAAR grants in FY 25. There were 63 grants and the majority did not have a state general fund match; however, there were several in the budget approved by the trustees that should have a match. Approximately 40 percent of the MHTAAR total was directed to the Department of

Health (DOH) and the Department of Family and Community Services (DFCS).

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Mr. Williams turned to a table on slide 10 showing FY 25 GF/MH recommendations and associated MHTAAR grants recommended by the trustees. He reminded committee members that the board of trustees was required by statute to make state general fund/mental health increment recommendations for how the state should be funding its comprehensive integrated mental health program plan. The inclusion of the trustee's recommendations in the state budget varied over time. He detailed that in some years a majority of the trustee's recommendations were included in the final budget and in other years a portion of the recommendations were included. The governor's proposed FY 25 included about 36 percent of the trustee's recommendations. He relayed that it had to do with priorities at the time and the state's fiscal situation. He stressed that when trustees made state general fund recommendations and approved them in the AMHTA budget, the trustees were paying attention to the state's fiscal climate. He explained that the trust's recommended budget prioritized what it believed to be the most critical things that were necessary.

Mr. Williams reviewed the table on slide 10. The left side showed the project title and department receiving the operating funds. Most of the projects were related to DOH but they also included increments for the Department of Revenue (DOR), Department of Education and Early Development (DEED), Judiciary, and the Department of Administration (DOA). The second column reflected trustee approved recommendations shown in yellow. The third and fourth columns indicated whether there was an MHTAAR increment or other funding increment (e.g., Alaska Housing Finance Corporation dividend) associated with the recommendation. He noted that slide 10 showed operating recommendations and slide 11 showed capital recommendations.

Mr. Williams pointed to the columns on the right of the slide showing trustee recommendations included in the governor's proposed FY 25 budget. The differences were shown in the second to last column. He highlighted the impacts of some of the recommended operating items. He highlighted that the increment of \$50,000 for the

Governor's Council on Disabilities and Special Education (GCDSE) was critical for the advisory boards to determine the statewide need for adults and children experiencing intellectual and developmental disabilities. He explained that without the increment the council would not have the ability to fulfill its mandate to report on the needs and successes related to the population statewide. The second row showed a \$75,000 increment for the comprehensive integrative mental health program plan manager position; funding of the position was a shared responsibility. He detailed that the departments were statutorily required to have a comprehensive integrative mental health program plan. The position was tasked with updating the plan, which was currently at its five-year renewal cycle. He stressed that the position was critical for the departments to do the work and monitor the progress on the plan once finalized.

Mr. Williams addressed the \$133,000 increment for the long-term care ombudsman office. The office was housed within DOR and the trust was statutorily required to oversee the administration of the long-term care ombudsman. The funding was for a position within the office. The office was tasked with investigating complaints at assisted living homes and skilled nursing homes statewide. There were over 600 assisted living homes in the state with over 5,700 residents between skilled nursing homes and assisted living homes located in Ketchikan, Bethel, Utqiagvik, Nome, and everywhere in between. He stated the continued work was critical. Historically, when the office received complaints from a resident, a family member, guardian, power of attorney, or someone in the community, they investigated the situation and resolved it to the satisfaction of the complainant close to 80 percent of the time. He added that the office made unannounced visits as well.

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Mr. Williams continued to review AMHTA recommended operating budget increments on slide 10. He addressed increments of \$1.5 million and \$500,000 for Start-up Crisis Now grants. He highlighted that the governor's proposed budget included a reduction to the items and MHTAAR increments that were not included in the trust approved budget. The governor's budget reduced the \$1.5 million request by \$1 million and added \$500,000 in MHTAAR trust funds that were not approved by the AMHTA trustees.

Additionally, the governor's budget reduced the \$500,000 increment recommended by trustees by \$250,000 and added \$250,000 in MHTAAR trust funds that were not approved by the trustees. He was working with the Office of Management and Budget (OMB) to hopefully rectify the issue perhaps in the governor's amended budget. He elaborated that there was no MHTAAR funding associated with the two increments in the trust's recommendations; however, the trust was heavily invested in the [Crisis Now] initiative and provided funding largely through AMHTA authority grants. He explained that trustees had approved over \$4.6 million in trust authority grant funds outside the state system for the initiative. He reminded people not to assume the trust was not invested in something if it was not shown in the state budget because AMHTA may be providing funding directly to agencies through its authority grants. He added that over time, the trust had invested over \$14 million in the Crisis Now initiative.

Representative Josephson stated his understanding that the governor's budget indicated that he did not support using general funds on the trustees' recommended increments but was amenable to using trust funds. He asked for verification that the trust was not entirely in favor of the change.

Mr. Williams surmised that the governor's proposed budget did not want to include the full \$1.5 million [for the first increment for Crisis Now grants shown on slide 10] in state general funds. The proposed budget reduced the amount of general funds by \$1 million and added additional trust funds that were not approved by the trustees.

Representative Josephson recalled that the prior year there had been a number of legislators who wanted to follow the trustees' recommendations and had offered [budget] amendments to that effect. He asked how successful the effort had been.

Mr. Williams replied that he would follow up with a comparison between the trustee recommendations and the enacted budget. He recalled that a significant amount of the trust recommendations had been included in the governor's budget and the majority had made it through the process. He clarified that the trust was appreciative of the increments included in the governor's proposed FY 25 budget. The trust also wanted to move forward and hopefully

include some of the increments that were critical to meeting the needs of beneficiaries.

Representative Josephson asked for verification that the AMHTA authority grants were entirely within the trust's purview and could not be vetoed.

Mr. Williams responded affirmatively.

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Mr. Williams clarified that only the board of trustees had the authorization to expend trust funds. He explained that when it came to MHTAAR, the legislature provided receipt authority for trust funds to be expended by the state department or division as approved and intended by AMHTA trustees.

Representative Hannan stated her understanding that the legislature did not have the authority to spend AMHTA funds. She understood that the AMHTA board had to authorize expenditures.

Mr. Williams agreed.

Representative Hannan referenced the increment [on slide 10] for the long-term care ombudsman. She asked if the position was existing or new. She asked how many long-term care ombudsmen there were or had been. She referenced Mr. William's statement about the critical nature of the position and she reasoned it was likely the state needed more of the positions based on its aging population.

Mr. Williams replied that the position was currently funded with federal funds that were expiring soon. He explained that without the state funds the position and capacity would be reduced. He believed there were six or seven full-time ombudsmen positions for the state. He would follow up with specific information.

Representative Hannan requested information on the capacity or workloads associated with the positions. She remarked that in her experience with constituents, the ombudsmen appeared to be working to full capacity. She presumed that losing a position would lead to fewer investigations.

Mr. Williams agreed to provide the information.

Representative Tomaszewski thought it looked like a simple .25 percent draw would cover the critical needs [listed on slide 10]. He asked if there was resistance to increasing the draw to 4.5 percent.

Mr. Williams replied that he did not believe there was resistance. He explained that within the next 1.5 years or so, the trust would have Callan or someone similar do an analysis on the appropriate payout percentage for the trust overall. He noted the analysis was done on a regular basis.

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Mr. Williams turned to slide 11 titled "FY 25 GF/MH Recommendations (and Associated MHTAAR Grants)" and addressed capital budget increments recommended by AMHTA trustees. The slide showed the differences between the governor's proposed budget and the trustees' approved recommendations. He highlighted the first row [for coordinated community transportation] and explained there was no general fund/mental health fund difference; however, the governor's proposed budget included \$50,000 of unauthorized MHTAAR trust funds. He highlighted there were significant differences between the general fund/mental health fund trustee recommendations and the governor's proposed budget for the Special Needs Housing Grant and Homeless Assistance Program. He emphasized that the items were critical and had been in the budget for several years to address capital and operating housing needs for unhoused beneficiaries or beneficiaries needing access to low barrier/low cost housing.

Representative Josephson shared that he had met with the Anchorage mayor the previous week and he agreed with the mayor's argument that Anchorage's homelessness problem was the state's homelessness problem. He thought the mayor would prefer for the governor to appropriate [include] the \$2.85 million [for the Homeless Assistance Program]. He stated it was obviously something the trust cared deeply about. He asked if he was correct.

Mr. Williams agreed that the increment was important, which was the reason it had been included in the trustees' recommendations to the governor.

Co-Chair Edgmon asked about the rationale that the governor's budget would not include the trustees' recommendations for the last three items [on slide 11].

Mr. Williams replied that he did not have the answer.

Co-Chair Edgmon asked if the components were matching funds that were part of a larger package.

Mr. Williams responded that the trustees' proposed increment for the special needs housing grant had been the same for several years. There had been occasions where the general fund/mental health increment was not included but was added in the legislative process. He noted that the increment reflected flat funding that would not meet the total need because of the individuals and because the cost of construction and operations had increased significantly in the past couple of years. He stated he had the same/similar response to the Homeless Assistance Program.

Co-Chair Edgmon believed that for the second year in a row the conversation had come to the same intersection where "we decide to move onto the next topic" because the rationale [to exclude the funding in the governor's proposed budget] escaped him.

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Co-Chair Johnson asked Mr. Williams to touch on legal issues that had been resolved in the past related to AMHTA's authority to control its own budget.

Mr. Williams answered that AMHTA had been established in 1994 due to a lawsuit against the State of Alaska. The seven-member board of trustees was established to oversee and have fiduciary responsibility for the cash and non-cash assets of the trust. Under statute, the board of trustees had the authority to expend trust funds on meeting the needs of beneficiaries and to fulfill programs and services for a comprehensive integrative mental health program plan. The settlement also ruled that the board of trustees made recommendations on how the state should be spending its general fund dollars. He reiterated that the board of trustees authorized expenditures for its funds and annual budget process and making recommendations for how the state could be and should be spending state general funds. He

explained it was up to the administration and legislature to determine how to accommodate the recommendations.

Co-Chair Johnson asked if there was anything additional ever defined for a situation where the legislature did not follow the trust recommendations. She remarked that the board of trustees had the authority to expend.

Mr. Williams did not know of any additional piece beyond the board's statute.

Mr. Williams advanced to slide 12 titled "Trust Grant Impacts." He highlighted that the AMHTA investment report and annual report had been distributed to legislators at the beginning of the week. The investment report included details on the 190 trust grants [awarded in FY 23] including a description, amount, and location. The slide showed 14 different communities or areas where the trust had directed grants. He clarified that some of the grants had a statewide impact and were not limited to the communities shown on the slide.

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Co-Chair Edgmon believed everyone would agree on the importance of HB 172 [legislation related to mental health facilities] that passed in 2022. He wondered how much of the close to \$23 million in grant awards was directed towards crisis intervention. He asked if the amount directed to crisis intervention would increase over 5 to 10 years based on the legislation.

Mr. Williams responded that he did not have the exact amount. In FY 24, the trustees approved \$4.6 million towards Crisis Now related efforts and in FY 25 there was roughly \$4.7 million. He did not have the figures on hand for FY 22 or FY 23, but he offered to follow up with the information. The trust invested \$14 million since the start of the initiative with DOH. He stated as there were several communities starting to have the conversations, the legislation was critical to establish a system of earlier intervention with someone experiencing a behavioral health crisis. He anticipated that the trust would remain focused on the issue and would be working with communities other than the three that got started in Anchorage, Fairbanks, and Mat-Su. He noted there were a couple of slides later in the presentation with more detail.

Co-Chair Edgmon shared that he had met with a contingent from the Northwest Arctic Borough earlier in the week and the group had talked about crisis stabilization efforts at the Maniilaq hospital and the challenges they were having with travel from villages to a centralized location. He underscored the importance of the [Crisis Now] effort and expressed appreciation for the trust's work.

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Representative Galvin spoke about crisis care versus acute care that was necessary based on what was learned from the crisis care. She had met with providers earlier in the day from Nome, Valdez, Ketchikan, and across Alaska who had shared concerns that Crisis Care Now was starting to ramp up in a great way but there was no place to put the patients after receiving the immediate crisis care. She observed that some of the capital components in AMHTA's budget were to help with the issue. She did not know whether it addressed the need for care providers. She highlighted there was room for 10 beds in Nome; however, the facility only had staff to serve five individuals after receiving crisis care. She asked if there was a plan to focus on ensuring there were spaces for the patients after receiving crisis care.

Mr. Williams answered that crisis care was only one piece of the continuum of care; it was a point in time where an individual needed critical health immediately. Since AMHTA's inception in 1997, the trust and its advisory boards including the Governor's Council on Disabilities and Special Education, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, and the Alaska Commission on Aging had always advocated for community-based services. He spoke about the need for a community-based service continuum in order to hopefully prevent someone from going into a crisis. He addressed Representative Galvin's point about continued care after individuals left crisis care. The trust would always be speaking to and looking to the community-based system to ensure it could do and advocate for what it could to have a robust system that met the needs of individuals. He remarked that it was the same conversation when talking about individuals coming in and out of the juvenile justice system, the Office of Children's Services system, and the Department of Corrections (DOC) system. He stated the

community-based system was needed to prevent contact with those higher levels of care.

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Mr. Williams moved to "Trust Focus Areas" on slide 13. He noted the slide may help with Representative Coulombe's earlier question about how AMHTA prioritized authority grant funding. He detailed that in the trust's early years the grant making was a scattershot process. He detailed that applications had come in, were considered, and grants were awarded or declined. There had not been a connection on how grants worked together and how they integrated with the state system. He explained that it had not necessarily been prioritized based on beneficiaries' needs. The trustees had established focus areas:

Established Focus Areas

- Disability Justice
- Mental Health & Addiction Intervention
 - Includes Behavioral Health Crisis Response
- Beneficiary Employment & Engagement
- Housing and Home & Community Based Services

Additional Priorities

- Workforce Development
- Early Childhood Intervention & Prevention

Mr. Williams elaborated on the focus areas on slide 13. He detailed that disability justice was an umbrella for contact with the juvenile justice system and the criminal justice system. There was substantial work that needed to be done to identify the needs of beneficiaries earlier so they could be diverted out when appropriate and so individuals did not pose public safety risks. The trust had strategies under each of the focus areas with projects identified through a robust conversation with state, tribal health, and community partners, which were then brought forward to trustees for allocation of resources. He noted it included specific expenditures related to authority grant funding as well as recommendations for MHTAAR funding that went through the state budget process.

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Representative Coulombe asked if the current five-year mental health plan (that was expiring) was integrated with the established focus areas. She thought it sounded like the trust had good communication with the health departments.

Mr. Williams agreed that projects funded by AMHTA were connected to the comprehensive plan. The trust would continue to use the comprehensive plan once it was "refreshed" for the next five years.

Mr. Williams turned to slide 14 showing high level policy and advocacy issues tracked and monitored by AMHTA:

- Community-Based Services
- Youth and early childhood mental health
- Medicaid and provider reimbursement rates
- Dementia care
- Reentry supports

Mr. Williams stated that the trust and its partners were working together to address needs associated with youth and early childhood mental health, which continued to be an issue. For example, getting access to mental health services in schools and early intervention to address conditions early to curtail impacts in adolescence and adulthood. The Department of Health was looking at Medicaid rate methodology for the mental health system and senior and disability system to determine how rates compared to where they needed to be and how to ensure rates kept pace with the cost of doing business and inflation over time. He pointed out that a flat rate was in essence a reduction over time. Dementia care included work done by the trust with senior and disability services and the Alzheimer's Resource Agency on accessing and working to develop a system for the state's aging population. Lastly, reentry supports were critical to ensure planning for a person's reentry into the community happened well in advance of their date of release. He stressed the importance of continuing gains and recovery that may have been made prior to release.

[2:47:32 PM](#)

Mr. Williams turned to slide 15 showing an innovation timeline on the Crisis Now initiative. In 2018, the trust

and the Department of Health and Social Services (now the Department of Health and Department of Family and Community Services) had embarked on the Crisis Now initiative to transform the response to a person experiencing a behavioral health crisis, which had been sparked by a lawsuit against the state. He highlighted progress that had been made in many communities. He noted Co-Chair Edgmon's mention of Kotzebue and relayed that AMHTA was working with Maniilaq to determine how it may be able to establish a crisis stabilization center for the region. The slide illustrated that what started as looking at Fairbanks, Anchorage, and Mat-Su based on an analysis of the needs of the state, had resulted in other systems of care in other places to address needs. He remarked that the systems may not all look the same as those in Anchorage and may need to be adapted to meet needs in a better way.

[2:49:06 PM](#)

Representative Josephson pointed to the reference to the psychiatric patient rights report near the bottom of the right column on slide 15. He pointed out that there was a group of well intentioned people who were concerned that Crisis Now was more involuntary commitment and drugging. He stated that by definition the service was meant to be a short timeframe, which he believed had to be an improvement. He wanted to give Mr. Williams an opportunity to respond to the criticism.

Mr. Williams answered that when the trust looked at the way the behavioral health crisis system operated in 2018 and how to transform the system, the trust had considered individuals who may require an involuntary commitment for a short period of time (because they present a danger to themselves or others by the courts) and for individuals who voluntarily needed access to care. The goal was to intervene early to try to stabilize the individual and to do an assessment to determine whether additional care was needed at the appropriate level of care.

Mr. Williams advanced to slide 16 and shared that in an effort to try to understand the beneficiary needs, the trust conducted a rural outreach trip in the fall of 2023. He relayed that Representative Coulombe had joined the trip to the Bethel region. The trust appreciated the work with the Yukon Kuskokwim Health Corporation, the Association of Village Council Presidents (AVCP), and the AVCP Housing

Authority. He elaborated that the entities had hosted the group and helped to identify the abilities and needs of the communities to meet with AMHTA. The trip included 16 site visits in Bethel and smaller teams had traveled to Toksook Bay, Saint Mary's, Kwethluk, and Napaskiak. The trip included legislators, commissioners, trustees, and AMTHA staff. He added that people had visited the hub community and villages with subregional clinics or health clinics. The trust looked forward to doing another trip in the future.

[2:52:45 PM](#)

Mr. Williams turned to slide 17 and discussed the Trust Land Office. The TLO had a staff of 19 led by Ms. Jusdi Warner and was responsible for overseeing the management of the trust's 1 million acres. By statute and the settlement, the trust was required to contract with TLO [housed under the Department of Natural Resources] to manage the lands. He highlighted that the TLO was tasked with maximizing revenue off of the lands and to steward the lands for the future. He pointed out that the lands were private lands held in a trust and were managed differently than state public lands. He noted the issue sometimes created confusion for the public, but the trust worked to provide education on the differences. The right side of the slide showed the seven asset classes used to generate revenues off the land including coal, oil and gas, minerals, materials, timber, lands, and commercial real estate. The bottom of the table showed the total anticipated FY 24 revenue of \$12.6 million. He explained that about 50 percent of the generated revenue would go directly to the corpus of the trust and the other 50 percent was income that could be expended [shown on slide 7].

[2:54:43 PM](#)

Representative Tomaszewski looked at slide 7 with \$3.7 million in Trust Land Office spendable income. He asked if it was one-quarter of the anticipated TLO revenues.

Mr. Williams responded that the amount reflected one-quarter of the roughly \$6 million in spendable income generated from the seven asset classes on slide 17.

Co-Chair Johnson noted there were a number of pieces of legislation dealing with timber sales and carbon capture,

most of which were the governor's bills. She asked if the trust was tracking the topics as potential revenue generators on AMHTA land.

Mr. Williams advanced to slide 18 titled "Trust Land Office Highlights" to answer the question. The slide showed ways the TLO generated revenue for the trust. The trust held an annual fall land sale, which generated about \$2 million in 2023. The trust had only sold about 3 percent of its total land. He elaborated that the trust did over-the-counter sales. He detailed that an individual could approach the TLO to purchase a parcel. He highlighted the trust's forestry program, specifically the forest fuels mitigation work in Tok. He expounded that the trust had done fire mitigation work in Tok on trust parcels. He relayed that the product resulting from the thinning of trees in the area was used as biomass fuel for the Tok school.

Mr. Williams continued to review TLO highlights on slide 18. The trust leased some of its lands for wind and solar energy. He elaborated that there were trust parcels on the Kenai that were leased for solar energy. Additionally, there were wind farms on parcels across the inlet and near Healy that would tie into the Golden Valley Electric Association, Chugach Electric, and the Homer Electric Association.

Mr. Williams referenced Co-Chair Johnson's mention of carbon sequestration. The trust was looking into the topic and was assessing its lands to determine how it may fit in the portfolio of activities. He addressed the fourth category on slide 18: subdivision development. The trust parcels could be large and located near communities. The trust considered how the parcels could be subdivided to create opportunities for commercial or housing development in communities. Lastly, the Icy Cape project started in 2015 and was located on a parcel north of Yakutat that was being assessed for gold and heavy minerals. The trust had done some core sampling, which was currently being assessed for value. The project started off as a heavy metals focus that had transitioned into a gold-focused project. He clarified the project was using placer mining, not hard rock mining. He stated that AMHTA was hopeful the project would generate revenue for the trust in addition to building and growing an economy in the region.

Mr. Williams asked Co-Chair Johnson if his comments on carbon sequestration and renewable energy had answered her question.

Co-Chair Johnson responded affirmatively. She highlighted Representative Jesse Sumner's lumber grading legislation. She asked if individuals could recommend/request that the trust include a specific parcel in a land sale.

Mr. Williams recommended that an individual could call Ms. Warner with the TLO to determine whether it was a possibility.

Co-Chair Johnson clarified that she did not have a recommendation.

Mr. Williams encouraged anyone with questions about trust land to contact the TLO. He highlighted that the TLO website included a GIS system showing the parcels and their location.

[3:01:17 PM](#)

Co-Chair Johnson asked if the \$2.8 million under the real estate line on slide 17 reflected real estate sales.

Mr. Williams responded that the figure reflected revenue generated from leases and rents on each of the seven real estate properties.

Co-Chair Johnson asked about the lands category on slide 17.

Mr. Williams replied that he would follow up with a specific answer in writing. He corrected his prior statement about the \$2.8 million in real estate revenue line on slide 17. He clarified that the category included other elements of revenue generated from other pieces of real estate in addition to the trust's real estate assets he previously mentioned.

Mr. Williams concluded with slide 19 titled "Looking Ahead." He relayed that AMHTA looked forward to the growth of the trust, and the ability to partner with the state to continue its grantmaking to improve the lives of beneficiaries and build out the Comprehensive, Integrated Mental Health Program Plan. The trust held its first

Improving Lives conference in the fall of 2022 and the 2024 conference would be held on September 17 and 18 in Anchorage. The trust would continue its work with departments and other state agencies on the next five-year comprehensive plan. He elaborated that the collaboration with other agencies went beyond DOH and DFCS because the beneficiaries' needs were not limited to those two departments. He highlighted other departments including the Department of Public Safety, DOC, and DEED. Lastly, the slide showed the next land sale would be in the fall of 2024.

3:04:06 PM

Representative Ortiz thanked the trust for its work and presentation. He thought it seemed like the demands on the resources available to the trust were growing. He looked at the trust's mission on slide 4. He asked if every allocation was measured against the trust's mission to improve the lives and circumstances of trust beneficiaries. He thought the other two items shown on the slide were easier to measure. He asked if there was an attempt to measure the trust's success pertaining to the specific goal.

Mr. Williams answered that the trust looked at the specific portion of its mission in a couple of different ways. He elaborated that the work of the trust to improve the lives and circumstances of trust beneficiaries happened at the individual beneficiary level, program or services level, and at a systems change level. He explained that all of the trust's funds had a grant agreement and performance measures attached. He expounded that the trust tracked the performance of its grants and the impact on beneficiaries as reported back from grantees. He noted that the specific portion of the trust's mission could be difficult to track; however, the trust, departments, trust advisory boards, and community partners engaged with AMHTA to identify gaps, successes that could potentially be expanded, things that were not working, and how the items would impact the lives of beneficiaries.

Representative Ortiz looked at slide 9 related to MHTAAR grants. He highlighted the segment of grants directed to the Alaska Court System shown in the pie chart on the slide as an example. He did not know how the court system used the grants to promote the trust's middle goal [on slide 4:

improve lives and circumstances of trust beneficiaries]. He asked if grants were always measured against the goal when determining whether an agency would receive funding.

Mr. Williams replied affirmatively. He drew attention to the comprehensive plan and the goal to ensure that a project or initiative (1) connected to improving the lives of beneficiaries and (2) was connected to the comprehensive plan. The comprehensive plan contained higher level policy direction for a robust system for the State of Alaska.

[3:08:37 PM](#)

Representative Coulombe asked if there was an approximation of the land value of the trust's one million acres.

Mr. Williams responded that the land as a whole was valued at \$1 per acre; however, the amount changed over time when looking at development or a resource on a particular parcel. He explained that trying to assess the value of each of the one million acres would be costly without some type of end purpose or goal.

Representative Coulombe was trying to get her head wrapped around the trust's assets. She thought that at some point the trust would have to tell someone an approximation of its land value. She considered that perhaps the land in Icy Bay was valued at a much higher rate than a less desirable parcel in another location. She thought much of the trust land was located in Southeast and Southcentral.

Mr. Williams answered that the land was located in Southeast, Southcentral, the Fairbanks area, and to the west.

Representative Coulombe asked about partnership grants and estimated the grants made up about \$2 million of the trust's awarded funds. She asked if partners matched the trust money. She asked for a definition of a partnership grant.

Mr. Williams answered that partnership grants was a grantmaking category. The trustees approved around \$2.5 million in a fiscal year in unallocated funds. He elaborated that organizations could apply for a grant for a program or service to meet the needs and improve the lives of beneficiaries and was connected to the comprehensive

plan. Often there was no match requirement but grant proposals listed other pending or secured fund sources, which could include other foundations, state grant funding, and federal funds.

[3:11:37 PM](#)

Representative Coulombe thanked Mr. Williams and AMHTA for the trip during the interim, which she found insightful. She appreciated the invitation.

Co-Chair Johnson thanked the presenters.

HB 270 was HEARD and HELD in committee for further consideration.

Co-Chair Johnson reviewed the schedule for the following day.

#

ADJOURNMENT

[3:12:52 PM](#)

The meeting was adjourned at 3:12 p.m.