

2/4/03

OVERVIEW:

**OMB,
AMHTA,
AHFC**

HFIN

FILE

Alaska Housing Finance Corporation

Overview Presentation to the House Finance Committee

February 4, 2003

2-4-03

Alaska Housing Finance Corporation

Mission Statement

**To Provide Alaskans
Access to
Safe, Quality, Affordable Housing**

Alaska Housing Finance Corporation

Role of Housing Industry in the State's Economy

- Housing Industry accounts for 24% of the Gross State Product (the State's equivalent of Gross Domestic Product)
- Expenditures for Housing amounts to 28% of the average Alaskan Family's Disposable Income.

Note: Numbers calculated using the North American Industry Classification System 1997 Economic Survey; Bureau of Economic Analysis G.S.P. and G.D.P. data; and tax-assessment data.

Alaska Housing Finance Corporation

Operations

Offers Home Loan Programs Emphasizing Housing for Low and Moderate Income and Rural Residents

Administers Statewide Housing, Energy Efficiency, and Weatherization Programs

Operates the State's Public Housing

Assists in the Statewide Financing, Development and Sale of Dwelling Units

Alaska Housing Finance Corporation

Special Programs for Low to Moderate Income & Rural Residents

Interest Rate Reduction for Low- Income Borrowers

FY 2002: 782 loans, \$77m
FY 2003: 242 loans, \$23m

Energy Efficiency Interest Rate Reduction

FY 2002: 1,007 loans, \$163m
FY 2003: 479 loans, \$78m

Rural Housing Assistance Loan Fund

FY 2002: 817 loans, \$128m
FY 2003: 425 loans, \$67m

Multi-Family Loans

FY 2002: 94 loans, \$58m
FY 2003: 20 loans, \$14m

Alaska Housing Finance Corporation

Statewide Housing, Energy Efficiency and Weatherization Programs

L.I.H.T.C. Program

Developers sell Federal tax credits to leverage loan funds to make low-income housing more affordable

Senior & Special Needs Housing

Grants and low-interest rate loans help make housing affordable for Seniors and Alaskans with Special Needs

Statewide Weatherization & Energy Programs

Assist low-moderate income families to enhance the energy efficiency of their homes

Supplemental Housing

Supplements Federal funds by providing funding for infrastructure in Rural Alaska

Alaska Housing Finance Corporation

Public Housing Division

Operates 16 Offices
located throughout Alaska
that administer Housing
Programs for Low-Income
Families

Housing Choice Vouchers

- 4,081 Voucher Clients
- \$1.8m/month in Housing
Assistance Payments to 1,900
Private Landlords

Low Rent/Sec. 8 New

- 611 Low-Income Senior
Units
- 1098 Low-Income Family
Units

Other Programs

PHD operates HUD programs
designed to decrease reliance
on Public Assistance (FSS,
Income Disregard, and
Homeownership Programs)

Alaska Housing Finance Corporation

Financing Programs

Tax-Exempt First Time Homebuyer Program

FY 2002: 1,531 loans, \$165m
FY 2003: 405 loans, \$43m

Veterans Mortgage Program

FY 2002: 351 loans, \$64m
FY 2003: 121 loans, \$23m

Taxable First Time Homebuyer Program

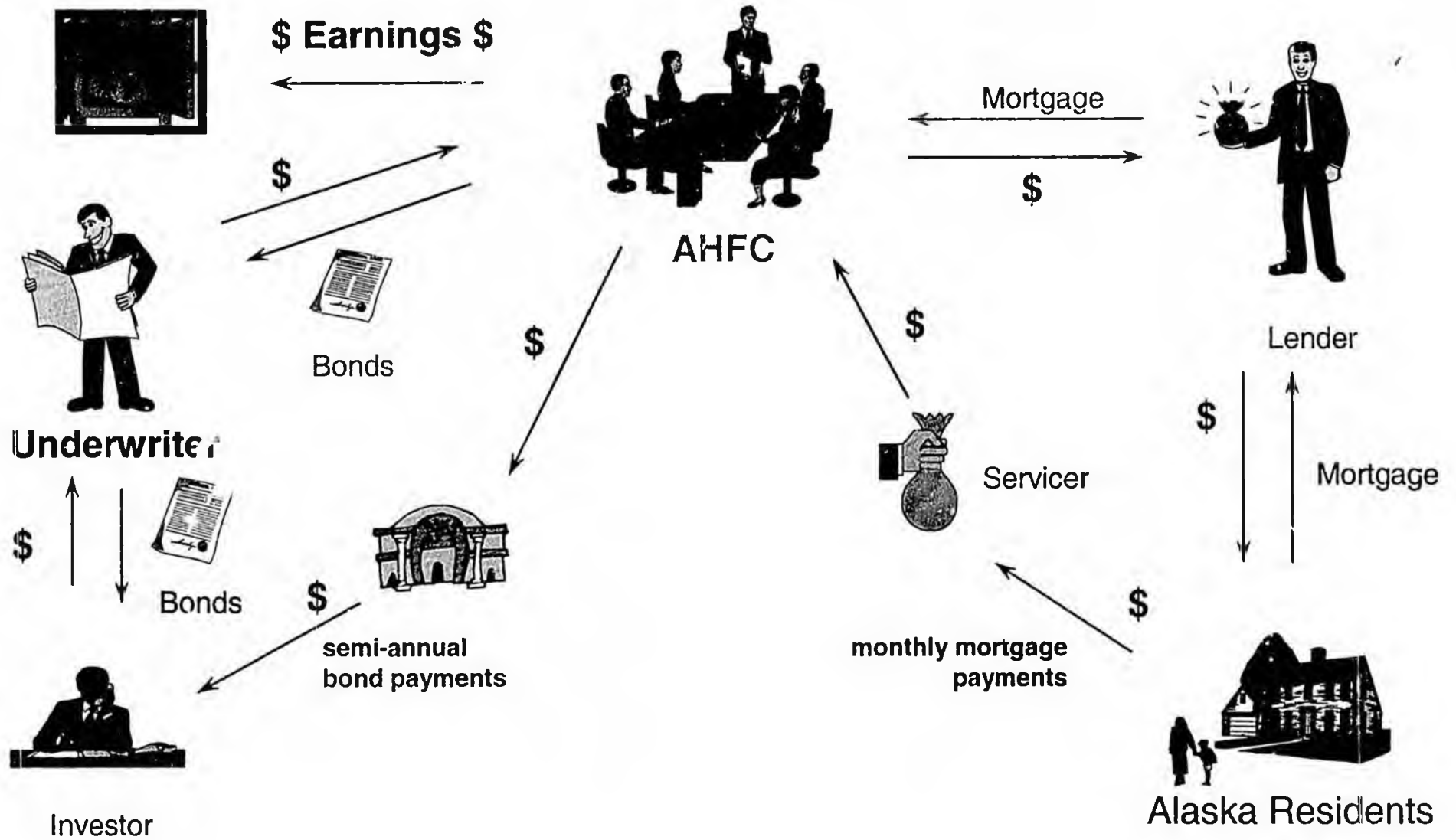
FY 2002: 993 loans, \$155m
FY 2003: 611 loans, \$99m

Taxable Program

FY 2002: 564 loans, \$85m
FY 2003: 201 loans, \$29m

Long Term Debt Issuance Process

Overview



AHFC Rating Criteria and Requirements

Selected excerpts emphasizing the subjective nature of the rating agencies' review of capital adequacy.

Excerpts from *Standard & Poor's Public Finance Criteria 1999*:

"Generally, ratings on tax-exempt housing bonds rely on six factors:

- Credit quality of mortgage collateral, including credit quality of mortgage insurers and guarantors, property insurers, and rent subsidy providers;
- Adequacy of reserve levels needed to provide a safety net for interruptions in debt service attributable to delinquency, default, and foreclosure;
- Credit quality of investments of all funds held for the benefit of the bondholders;
- Sufficiency of cash flow to make bond payments under expected, as well as stress, scenarios;
- Ability of legal provisions to protect the flow of funds to bondholders under all circumstances; and
- The ability of an issuer or an obligor to administer its programs effectively."

"While financial performance and asset quality are important, these measures must be viewed in conjunction with other rating factors - the economy, management, debt levels, and the agency's relationship with the state."

Excerpt from Standard & Poor's Feb. 28, 2002, press release on AHFC's increased outlook from AA- stable outlook to AA- positive outlook:

"... the corporation's following strengths:

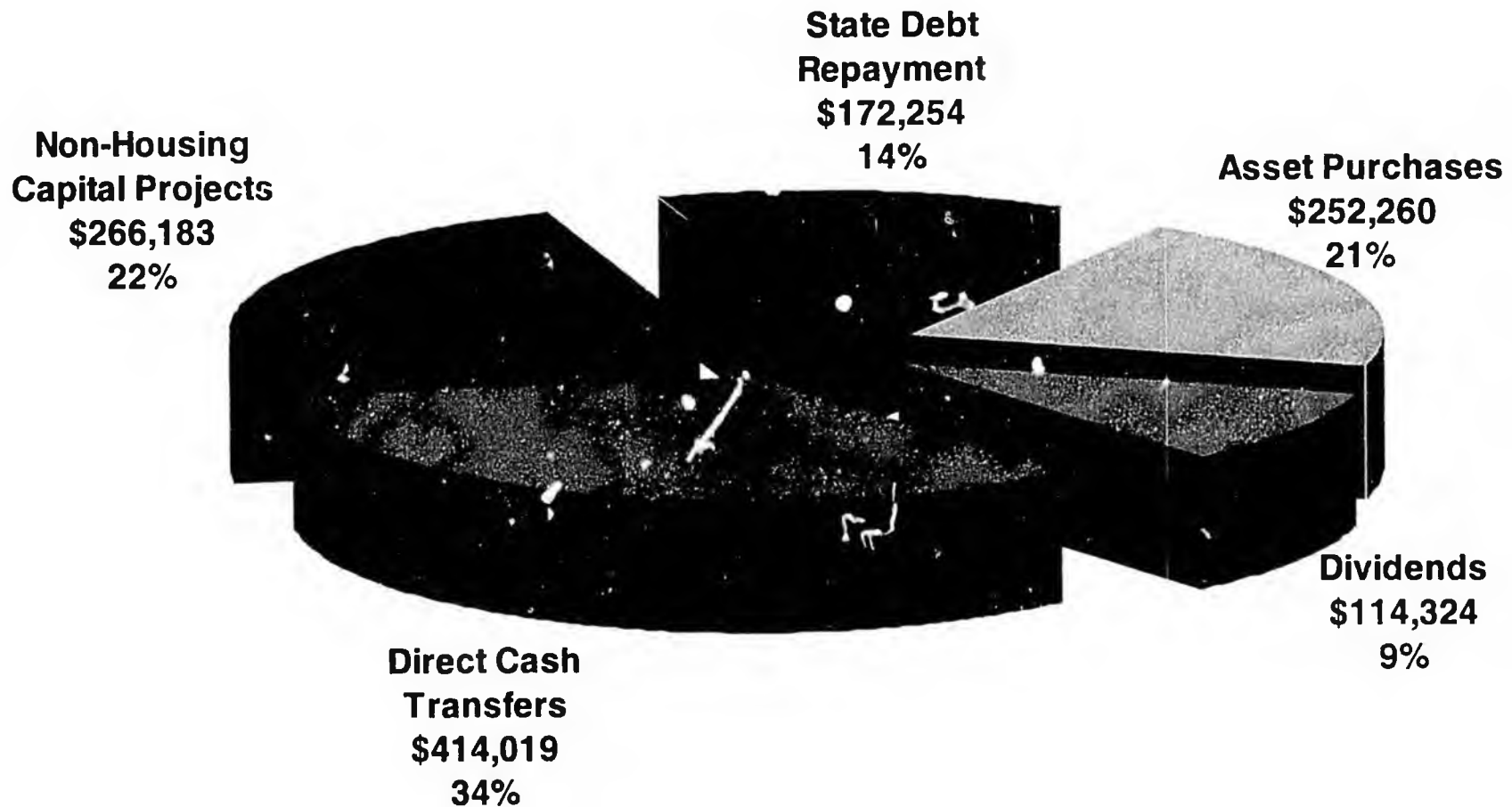
- A large and liquid asset base,
- Capable management, and
- The ability to meet its legislative mandate.

Credit weaknesses include:

- Ongoing legislative appropriation of assets and earnings,
- A highly concentrated Alaska economy,
- A high-risk mortgage loan portfolio, and
- A GO pledge to all debt obligations."

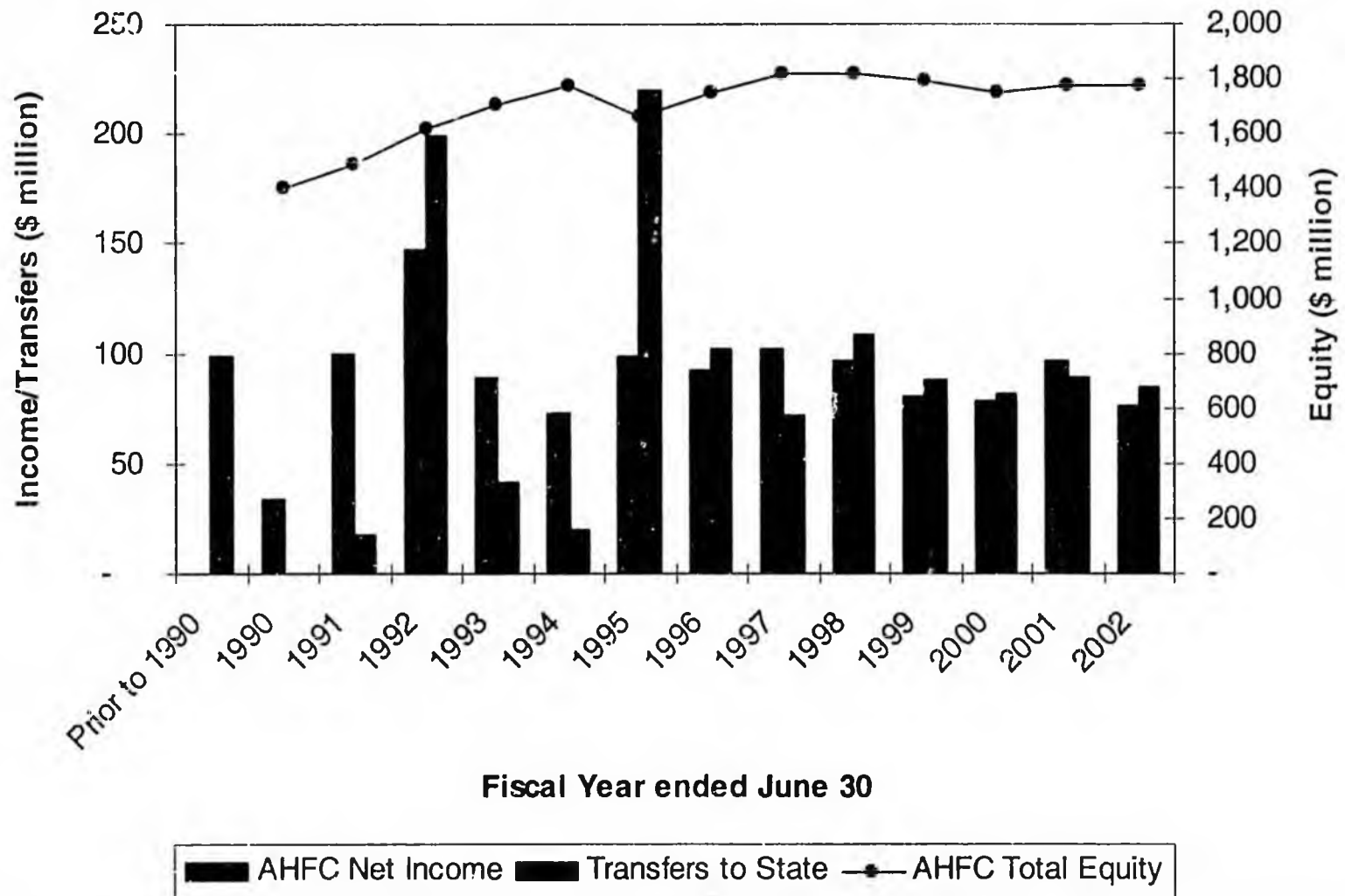
"The positive outlook reflects the corporation's financial strength coupled with continued strong management and improvement in fulfilling its legislative mandate, despite deterioration in equity reserves stemming from the 1998 asset-transfer plan. The rating could be raised to the extent that future asset-transfer plans have positive effects on AHFC's financial flexibility."

Transfers to or on behalf of the State General Fund 1986-2002 \$1,219,040





Summary of AHFC Equity, Net Income, State Appropriations and Transfers to State



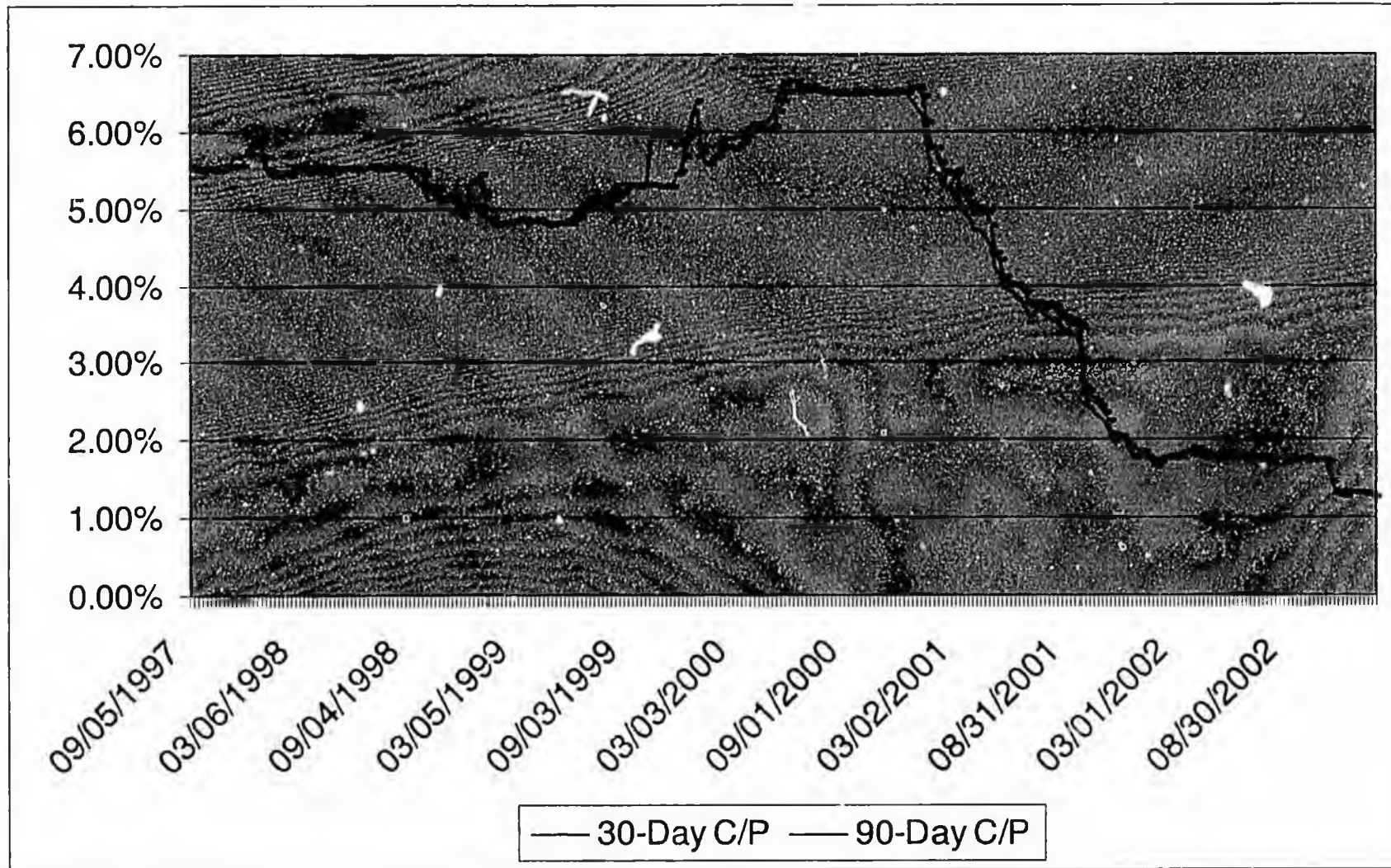
Alaska Housing Finance Corporation

Summary Financial Statement Information

FINANCIAL STATEMENTS <i>(Thousands \$)</i>	Annual Audited			Annual Audited		
	06/30/00	06/30/01	% Variance	06/30/01	06/30/02	% Variance
Mortgage & Loan Revenue	180,656	204,084	13.0%	204,084	222,446	9.0%
Investment Income	108,374	111,827	3.2%	111,827	71,226	(36.3%)
Interest Expense	(159,672)	(172,373)	8.0%	(172,373)	(174,582)	1.3%
Grants & Subsidy Expenses	(32,171)	(39,161)	21.7%	(39,161)	(39,520)	0.9%
Provision for Loan Losses	(8,017)	(8,124)	1.3%	(8,124)	(2,690)	(66.9%)
Total Revenue	331,286	376,168	13.5%	376,168	349,230	(7.2%)
Total Expenses	(253,765)	(279,815)	10.3%	(279,815)	(273,570)	(2.2%)
Net Income	81,802	96,353	17.8%	96,353	75,660	(21.5%)
Total Assets	4,807,805	4,981,170	3.6%	4,981,170	5,182,154	4.0%
Total Liabilities	(3,055,450)	(3,207,493)	5.0%	(3,207,493)	(3,416,344)	6.5%
Net Assets	1,752,355	1,773,677	1.2%	1,773,677	1,765,810	(0.4%)

Alaska Housing Finance Corporation

Short-Term Investment Rates



Alaska Housing Finance Corporation

Mortgage Activity and Portfolio Balances

Activity Dollars:

Applications Approved
 Mortgages & Loans Purchased
 Loans Foreclosed
 Property Sales & Disposals

Twelve Months Ended			Five Months Ended		
06/30/01	06/30/02	% Variance	11/30/01	11/30/02	% Variance
\$784,433,372	\$622,507,602	(20.6%)	\$242,883,932	\$460,556,407	89.6%
\$755,213,967	\$655,792,876	(13.2%)	\$278,754,882	\$275,521,025	(1.2%)
\$3,347,348	\$3,524,160	5.3%	\$775,175	\$1,306,742	61.6%
\$3,487,497	\$2,245,334	(35.6%)	\$356,438	\$2,523,192	607.9%
As Of			As Of		
06/30/01	06/30/02	% Variance	11/30/01	11/30/02	% Variance
\$3,157,467,083	\$3,355,193,847	6.3%	\$3,255,589,128	\$3,291,760,838	1.1%
\$493,735	\$1,454,340	194.6%	\$707,647	\$395,750	(44.1%)
\$57,811	\$138,394	139.4%	\$270	\$292,108	108,088.1%
\$3,158,018,629	\$3,356,786,581	6.3%	\$3,256,297,045	\$3,292,448,696	1.1%

Portfolio Dollars:

Mortgages & Loans
 Real Estate Owned Inventory
 Insurance Receivables
 Total Portfolio Dollars

Alaska Housing Finance Corporation

Additional Information

For additional Information, please contact:

Dan Fauske, CEO/Executive Director 330-8452

Bryan Butcher, Legislative Liaison:

Juneau Office 586-3587

Anchorage Office 330-8445

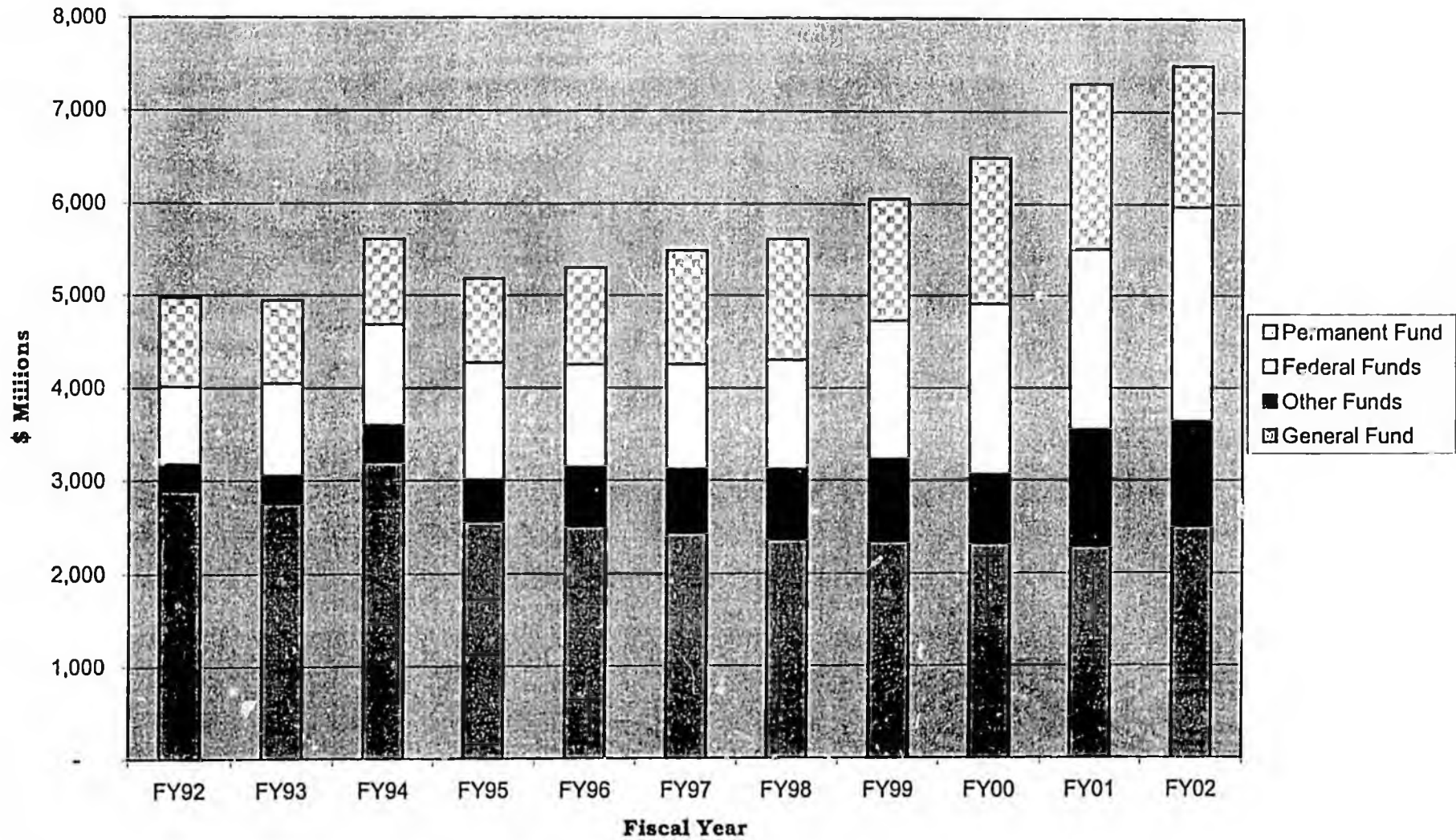
2-4-03

House Finance Committee

February 4, 2003

Office of Management and Budget
Cheryl Frasca, Director

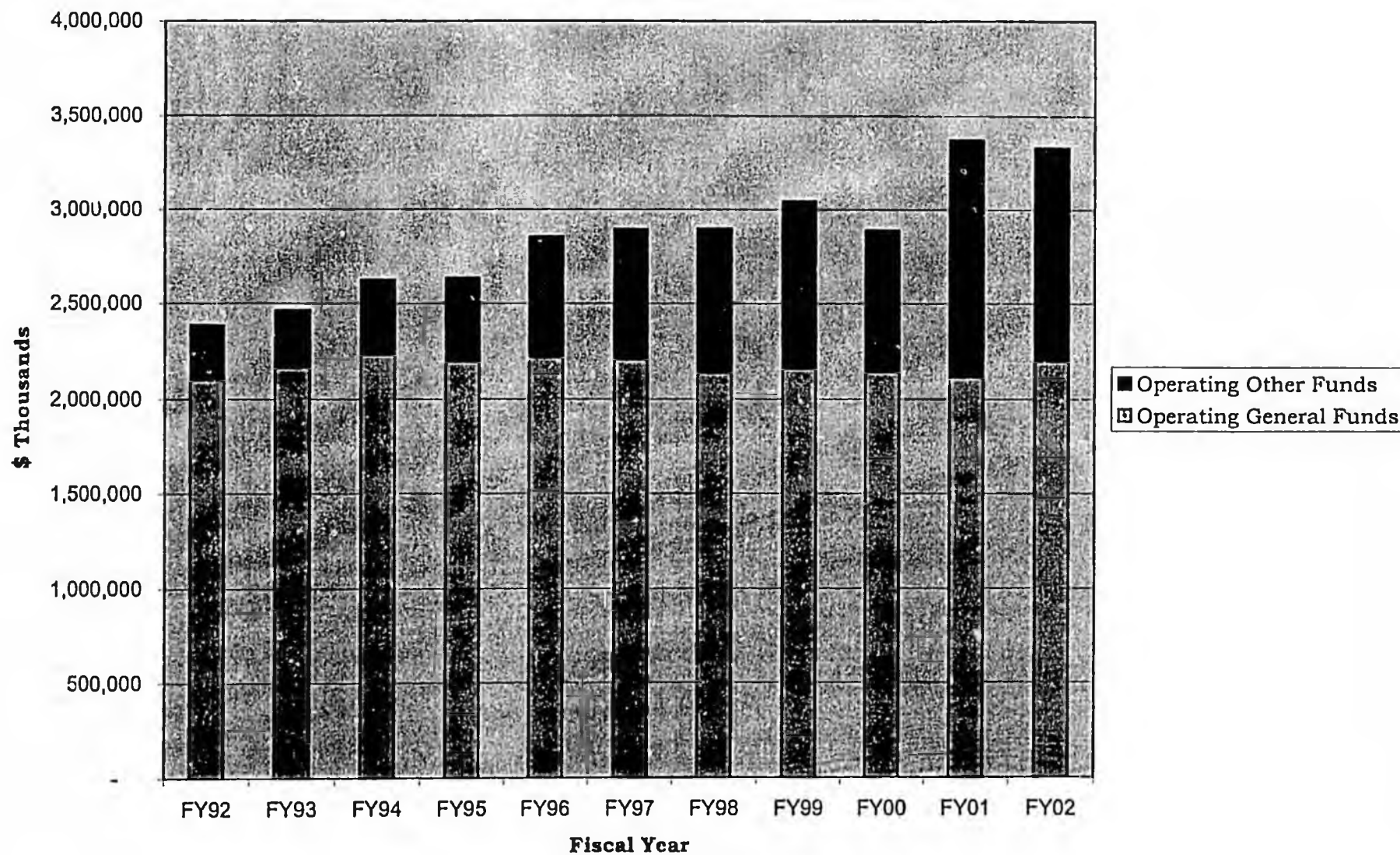
Total Funds Appropriations by Fund Source: FY 1992 - FY 2002 Operating and Capital



Source: Legislative Finance Budget History File

*Permanent Fund includes appropriations for dividends and inflation proofing.

Operating Budgets: FY 92 - FY 02



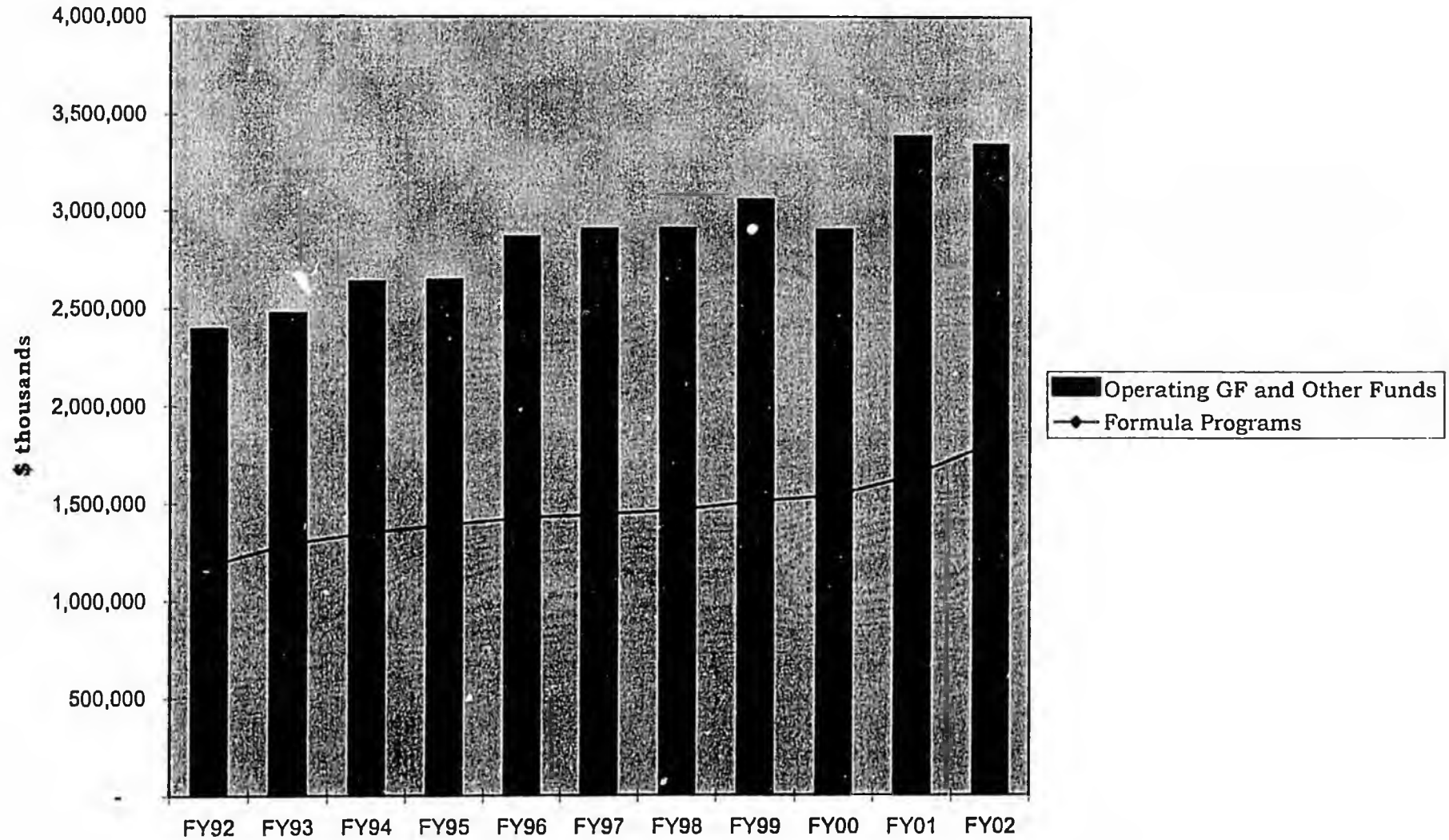
Source: Legislative Finance Budget History File

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1/31/2003

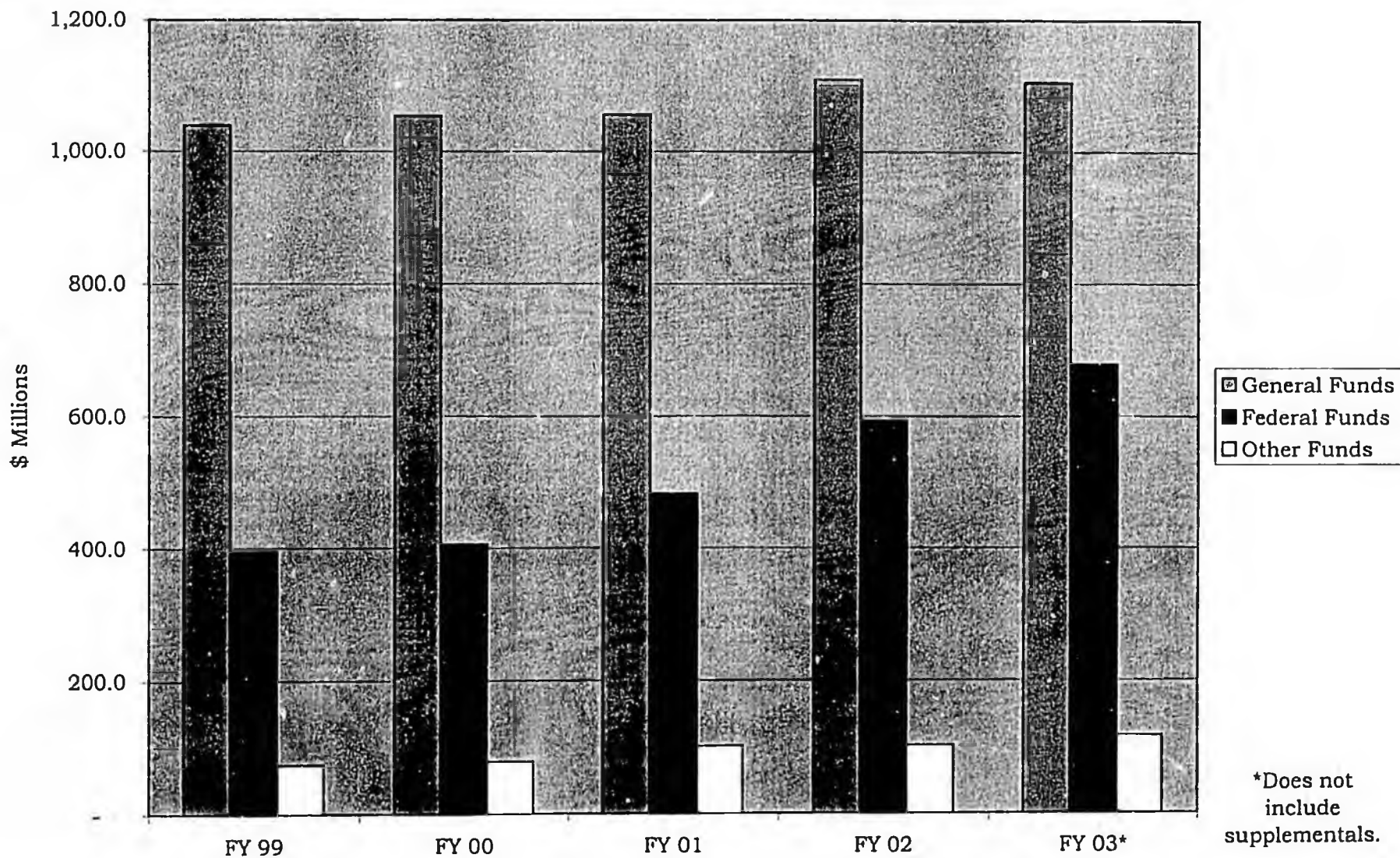
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Chart3

Operating Budgets vs. Formula Programs: FY 92 - FY 02 General Fund and Other State Funds



Formula Growth by Fund Source FY 99 - FY 03



Formula Program Changes During the Past 5 Years

- FY 03 Operating Budget:
 - Total Funds: \$4.4 billion
 - Formula Programs: \$1.9 billion or 43%.

- FY 03 Operating Budget
 - General Funds: \$2.2 billion
 - Formula Programs: \$1.1 billion or about 50%

- Growth in Formula Programs FY 99 - FY 03
 - Total Funds: \$434 million
 - General Funds: \$68 million

*Selected formula program changes:
(in total funds and in million\$)*

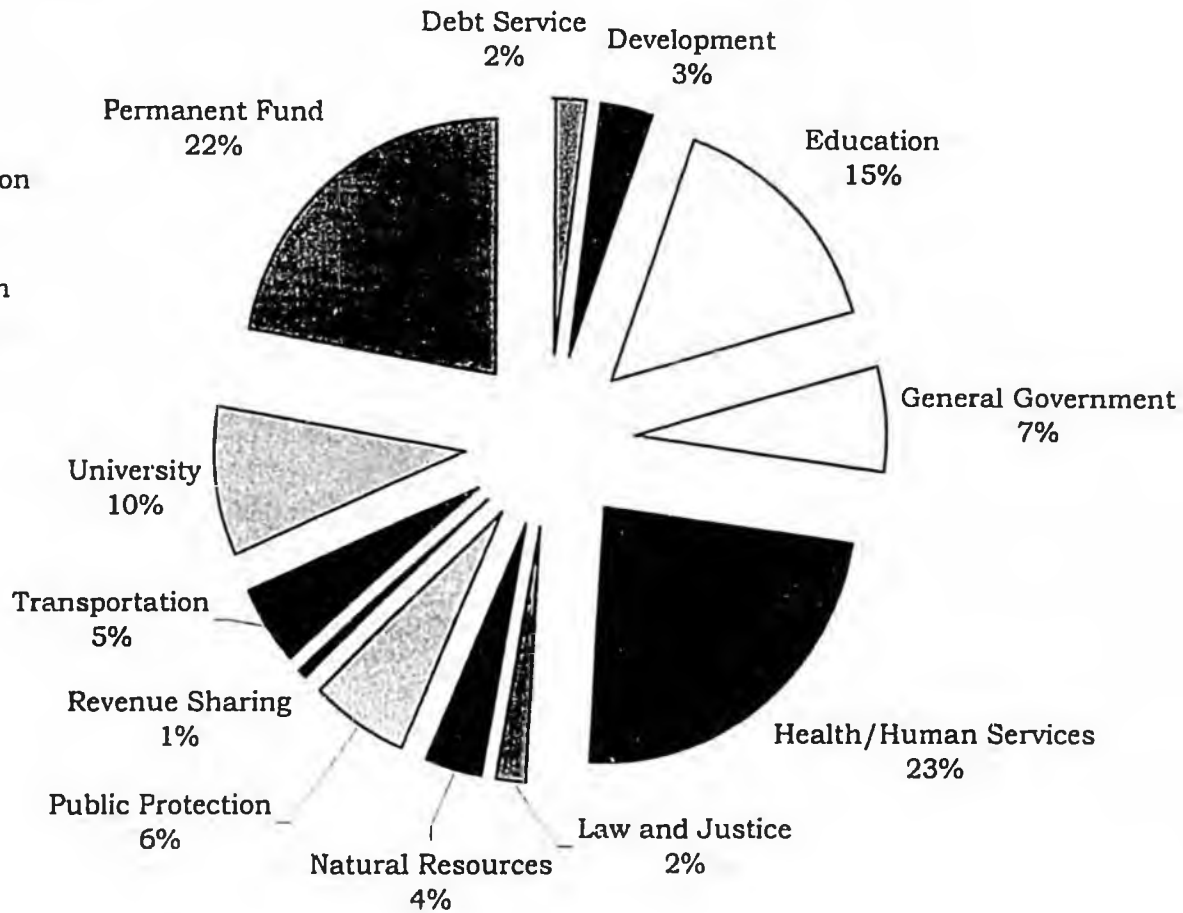
	<u>FY 99</u>	<u>FY 03</u>	<u>\$ Change</u>	<u>% Change</u>
Longevity Bonus	\$63.5	\$47.5	(\$16)	(25%)
Revenue Sharing	\$21.6	\$12.9	(\$8.7)	(40%)
K - 12 Foundation	\$676.7	\$707.3	\$30.6	5%
ATAP	\$92.5	\$47.7	(\$44.8)	(48%)
Adult Public Asst.	\$47.5	\$54.4	\$6.9	14%
Medicaid	\$412.7	\$820.0	\$407.3	99%

Notes:

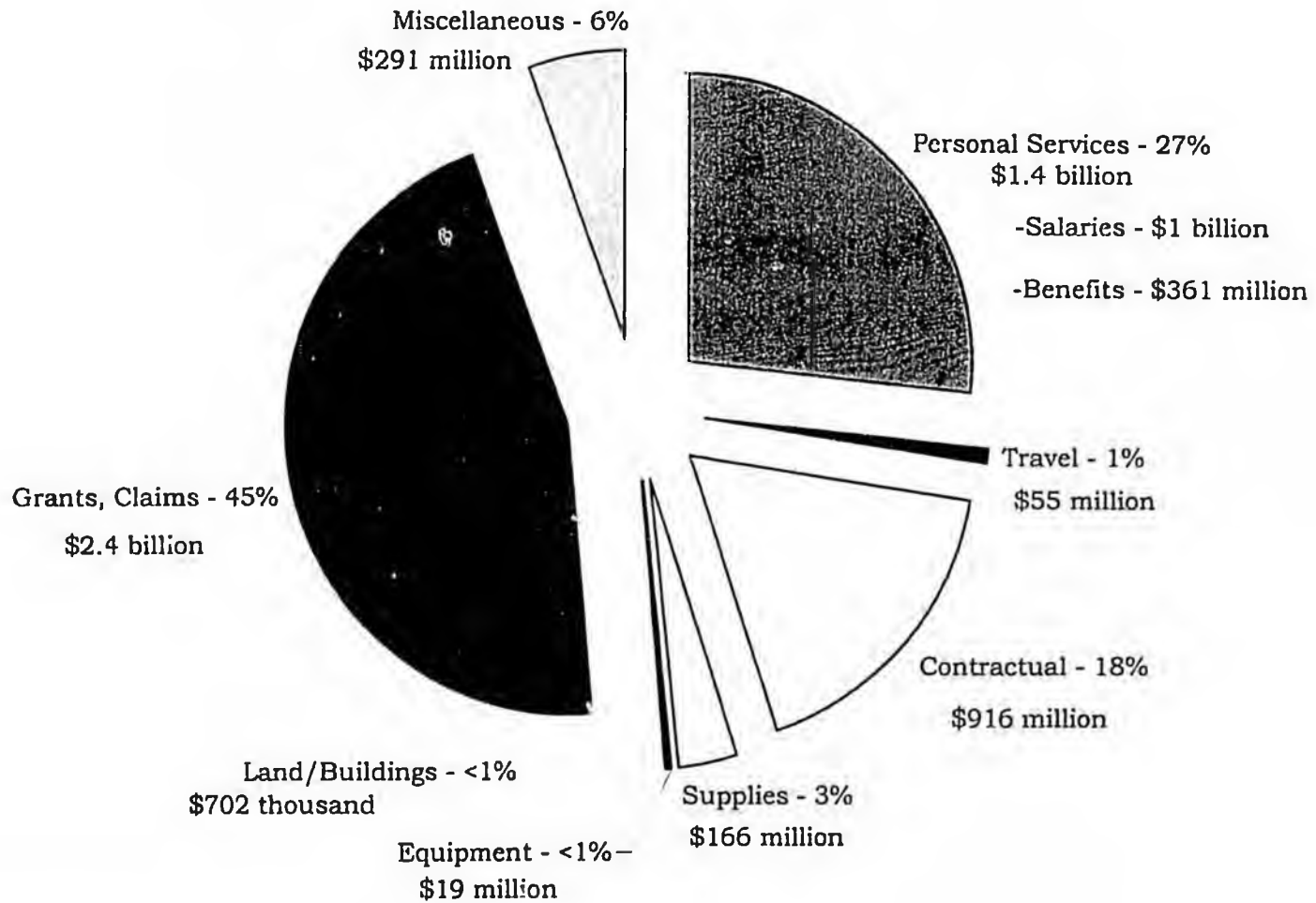
- Longevity Bonus program is phasing out as number of recipients decline
- Enrollments are falling in most urban districts as the echo of the baby boom population bulge passes through the K - 12 system.
- Welfare reform has dramatically reduced ATAP payments and PFD hold harmless.
- Medicaid is the source of huge growth. General fund share of growth is \$43 million.
- Comparisons aren't exact as programs have evolved and merged over time

FY 03 Total Funds Operating Budget: \$6.5 billion
All Funds by Program Category

Debt Service - \$124 million
 Development - \$218 million
 Education - \$994 million
 General Govt. - \$445 million
 Health/Human Svcs. - \$1.5 billion
 Law and Justice - \$136 million
 Natural Resources - \$234 million
 Public Protection - \$404 million
 Transportation - \$622 million
 University - \$622 million
 Permanent Fund - \$1.4 billion



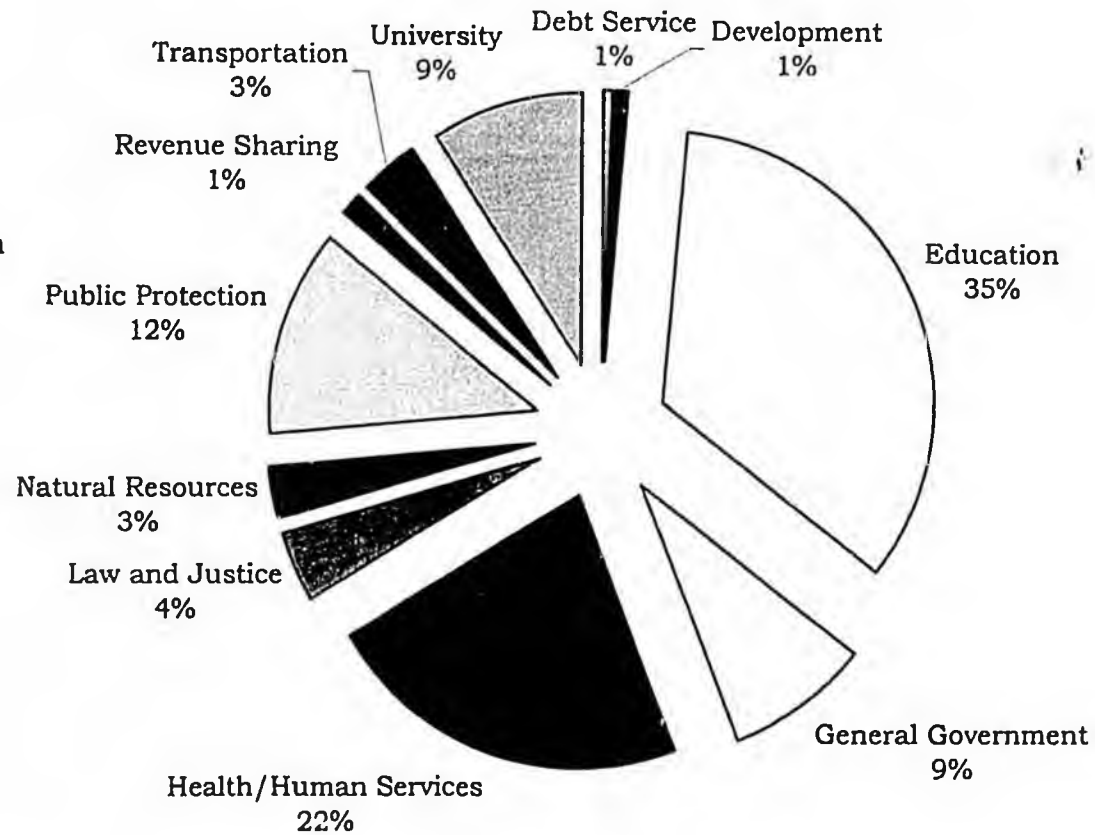
FY 03 Operating Budget: \$5.2 billion All Funds (Except Permanent Fund) by Appropriation Category*



*Excludes appropriation of Permanent Fund earnings for inflation proofing and dividends.

**FY 03 General Fund Operating Budget: \$2.2 billion
General Funds Only by Program Category**

Debt Service - \$12 million
 Development - \$19 million
 Education - \$763 million
 General Govt. - \$196 million
 Health/Human Svcs. - \$496 million
 Law and Justice - \$92 million
 Natural Resources - \$65 million
 Public Protection - \$278 million
 Revenue Sharing - \$30 million
 Transportation - \$77 million
 University - \$208 million



State of Alaska

Fiscal 2002 Authorized/ Fiscal 2003 Authorized Fiscal Summary
(dollars shown in millions)

	FY2002 Authorized				FY2003 Authorized				FY2004	
	General Fund	Federal Funds	Other Funds	Total Funds	General Fund	Federal Funds	Other Funds	Total Funds	General Fund	Difference
1 Revenues										
2 Unrestricted General Fund Revenues (A)	1,653.9			1,653.9	1,856.1			1,856.1	1,603.5	(252.6)
3 Corporate Dividends (B)			79.5	79.5			77.4	77.4		
4 Federal and Other Funds		2,275.3	953.5	3,228.8		2,384.9	914.1	3,299.1		
5 Total Revenues	1,653.9	2,275.3	1,033.0	4,962.2	1,856.1	2,384.9	991.5	5,232.6	1,603.5	(252.6)
6 Authorization to Spend										
7 Operating	2,197.7	1,149.6	606.7	3,954.0	2,222.3	1,414.6	773.1	4,410.1		
8 Agency Operations (non-formula)	1,119.4	671.7	1,089.9	2,881.0	1,116.0	736.3	1,220.0	3,072.3		
9 Formula Programs	1,078.3	477.9	78.1	1,634.3	1,106.4	678.3	117.1	1,901.7		
10 Duplicated Authorizations (C)			(561.3)	(561.3)			(564.0)	(564.0)		
11 Capital	114.1	923.3	273.1	1,310.4	109.8	945.1	124.5	1,179.4		
12 Project Appropriations & Revised Programs	114.1	923.3	477.2	1,514.6	109.8	945.1	227.5	1,282.4		
13 General Obligation Bonds (D)							463.5	463.5		
14 Duplicated Authorizations (C)			(204.2)	(204.2)			(566.5)	(566.5)		
15 Debt and Other Statewide	192.1	202.4	153.3	547.8	169.3	25.2	93.9	288.4		
16 Debt Service (includes capitalization of Debt Retirement Fund)(E)	37.2		95.5	132.7	11.5		110.5	122.1		
17 Loan and non-Debt Fund Capitalization	51.8	24.8	22.6	99.2	57.7	25.2	33.4	116.2		
18 Supplemental Appropriations (F)	103.1	177.5	80.1	360.7	100.0			100.0		
19 Duplicated Authorizations (C)			(44.8)	(44.8)			(50.0)	(50.0)		
20 Total Authorization to Spend (unduplicated)	2,503.9	2,275.3	1,033.0	5,812.2	2,501.4	2,384.9	991.5	5,877.8		
21 AK Permanent Fund Dividends (and PFD division operations)			936.0	936.0			802.0	802.0		
22 AK Permanent Fund Inflation Proofing and Other Transfers			602.0	602.0			642.0	642.0		
23 Total AK Permanent Fund			1,538.0	1,538.0			1,444.0	1,444.0		
25 Totals with Permanent Fund	2,503.9	2,275.3	2,571.0	7,350.2	2,501.4	2,384.9	2,435.5	7,321.8		
26 Draw from CBR (FY2002 actual draw was \$738.0 million)	850.0				645.3					

Notes

- A FY2002 Unrestricted Revenues are based on an oil price of \$21.78 per barrel and estimated production of 1.001 million barrels per day. FY2003: \$27.57 and 0.994 mbd; FY2004 \$23.25 and .997 mbd
- B Corporate Dividends include funds made available to the State by the boards of the Alaska Industrial Development and Export Authority (AIDEA), the Alaska Housing Finance Corporation (AHFC), and the Alaska Student Loan Corporation (ASLC). The AIDEA dividend for FY2002 is \$17.5 million and FY2003 is \$20.1 million. The total AHFC transfer for dividend, capital projects, loan programs and debt service is \$103 million for FY2002 and FY2003. Since AHFC's debt payments for general government purpose bonds do not require appropriation, the net transfers appropriated here are \$58 million for FY2002 and \$40.4 million for FY2003. Similar dividend amounts for FY2004 will be impacted by approval of Legislature. The ASLC Dividend is \$4 million in FY2002 and \$5.25 million for FY2003.
- C Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.
- D General Obligation bonds are included in the FY2003 capital budget, however, are backed out as duplicated authorizations as the actual costs of the bonds will be incurred as debt payments in future years.
- E The legislature appropriated \$20.0 million (vetoced down to \$11.5 million) of the general funds amount needed to pay FY2003 debt as an FY2002 supplemental to the Debt Retirement Fund.
- F The FY2003 Supplemental Appropriation is an estimate.

Alaska Mental Health Trust Authority

Presentation to the House
Finance Committee

February 4, 2003



History of Trust Formation

- Litigation ongoing for 13 years
- State would have been required to reconstitute the old Trust
- Millions of dollars in litigation costs
- Millions in lost resource development opportunities
- Paralyzed and fractured mental health community



Key Terms of Settlement

- Trust Authority free to use Trust resources to act as a catalyst for change
- Trust Authority funding recommendations considered in a single appropriation bill
- Trust Authority to aid in comprehensive planning for mental health program
- Mental Health Trust Lands and associated state lands released for development



The Trust's Beneficiaries

- *People with mental illness*
- *People with developmental disabilities*
- *People with Alcoholism/other addictions*
- *People with Alzheimer's disease & other dementia*

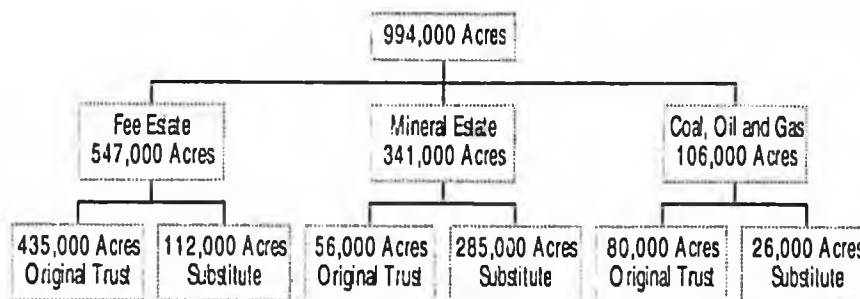


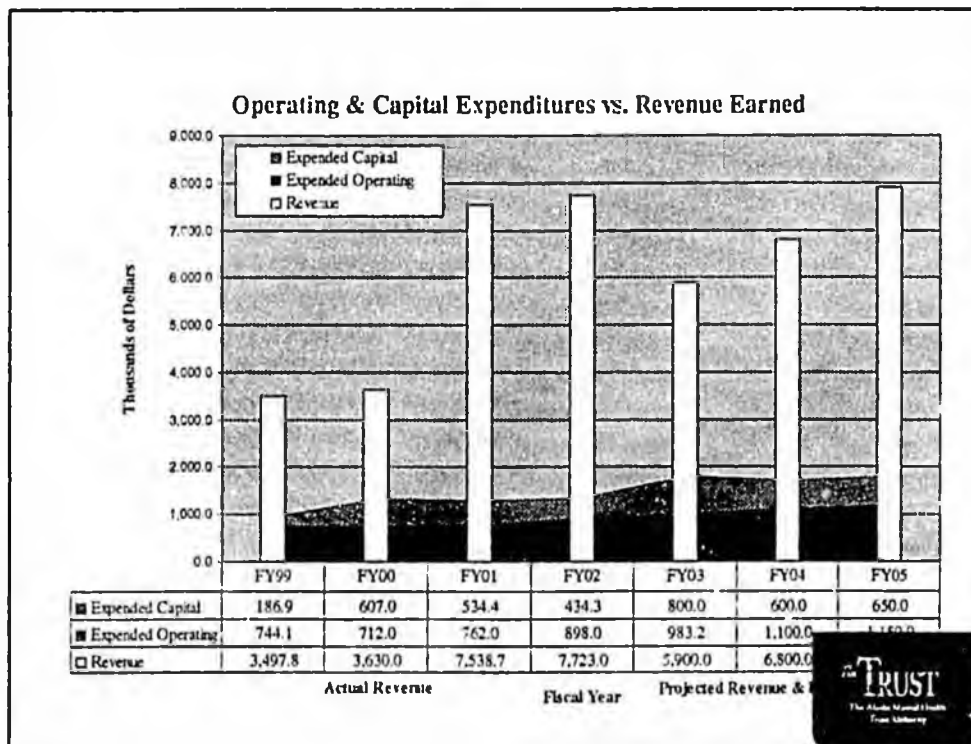
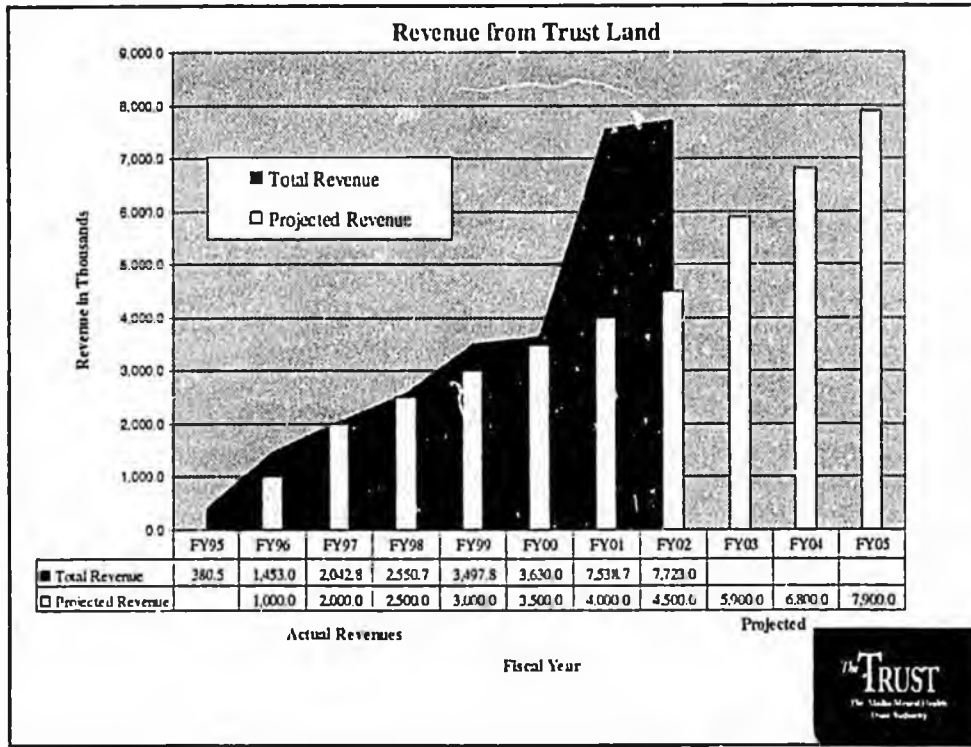
People with Traumatic Brain Injury: *Beneficiaries of The Trust*

- The Alaska Traumatic Brain Injury Advisory Board will work with The Trust Advisory Boards to bring forward the issues of those with traumatic brain injury.
 - **Mission:** To help identify, develop, implement and sustain needed programs and resources that promote prevention and expand treatment and service delivery to Alaskans who experience Traumatic Brain Injury (TBI) and their families



Land and Resources





2002 Alaska Business Monthly TOP 49 by \$ per Employee
 First 9 on the List With Trust Land Office Inserted

Company	Number of Employees	Gross Revenue per Employee
Cook Inlet Region, Inc.	78	\$10,948,462
Aleut Corporation	10	7,920,000
Brady and Company, Inc.	59	4,728,814
Koniag, Inc.	12	2,578,333
Davis Constructors and Engineers, Inc.	25	2,333,200
Trust Land Office	9	856,000
Ribelin Lowell & Co.	55	847,273
Watterson Construction Co.	60	750,000
Kenai Chrysler Center	80	560,875
Gene's Chrysler	65	556,923



1996 vs 2002

	1996	2002
Amt Paid	\$6,845,670	10,910,800
Current Value	230,688,953	302,966,952
Pay Out Rate	3%	3.5%



Four Boards Advise the Trust

- *Alaska Mental Health Board*
- *Governor's Council on Disabilities & Special Education*
- *Advisory Board on Alcoholism & Drug Abuse*
- *Alaska Commission on Aging*



Mental Health Budget Bill

- Determine the needs of the beneficiaries
- Review budget recommendations from the four beneficiary groups' advisory boards
- Submit by 15 September a budget for the mental health program from the general fund to the Governor and legislature
- Governor and legislature report back to Trust on differences



Comprehensive Integrated Mental Health Plan – *In Step Plan*

DHSS and the Alaska Mental Health Trust Authority are responsible for preparation of a plan for an integrated comprehensive mental health program that is coordinated with federal, state, regional, local and private entities involved in mental health services.



Result-based Planning Areas



Health: a state of complete physical, mental and social well-being



Safety: to be safe from undergoing or causing hurt, injury or loss



Economic Security: the right to a standard of living adequate for one's health and well-being



Living with Dignity: to be productively engaged and valued by others for contributions



Result-based Planning Issues



Infrastructure Building: investing in facilities and human resources capacity



Workforce Development: keeping the current workforce trained and new workforce training



Prior Collaborations

- API 2000 – Anchorage Emergency Services
- Assisted Living Rate Increase
- Medicaid Options
- Women's Mental Health Unit in DOC
- Closure of Harborview
- Suicide Prevention Council
- Alcohol Evaluation



API 2000/Anchorage Emergency System

- 54 to 72 bed replacement facility for API
- Anchorage Emergency System
 - Psychiatric Emergency Room
 - Enhanced Detoxification Capabilities
 - Mobile Crisis Response
 - Short Term Crisis Treatment
 - Designated Evaluation and Treatment (DET)



Alcohol Fund Package

- Alcohol Tax increased in 2002
- Alaska Legislature committed one-half of alcohol tax revenue to be set aside for alcohol prevention and treatment – remainder goes to general fund. (fund estimated to be 15.5M annually)
- \$3.6M of Alcohol Fund revenue was utilized in FY03 budget for existing services



Reforming Mandated Treatment

- Five Components of Alcohol Fund Package
 - Child Protection
 - Adult Offender
 - Emergency Services
 - Youth/Juvenile Justice
 - Capital/Infrastructure



Reforming Mandated Treatment

Key Elements of the Alcohol Fund Package

- Treatment Capacity
- Intervention
- Infrastructure
- Workforce Development
- Evaluation
- Prevention
- Rural/Alaska Native
- Local Community Efforts
- Enforcement



*The Trust looks forward to working with
the legislature and administration*



Duties of The Trust (continued)

Propose the budget for the state's comprehensive mental health program. The Trust recommends expenditures from the general fund to meet the operating and capital expenses of the Comprehensive Integrated Mental Health Program during the next fiscal year. The budget also includes the Trustees' recommendations about how to use funds from the Mental Health Trust Income Account for additional operating and capital expenses of the comprehensive integrated mental health program. Finally, the budget includes expenditures The Trust intends to make as part of the state's comprehensive integrated mental health program.

Statute requires that Trust-funded services be provided to recipients as close to the recipient's home and family as possible. Services must consider demographics, service requirements, use of services, economic feasibility, and capital expenditures needed to provide minimum service.

Comprehensive Integrated Mental Health Program

The Department of Health and Social Services is responsible for writing in conjunction with The Trust a plan that describes the Comprehensive Integrated Mental Health Program. The program addresses more than traditional mental health services. It also includes public programs and services for people who have mental illnesses, community mental health services, services for people with developmental disabilities, services that address alcoholism, and services for children, youth, adults, and seniors with mental disorders.

The service system includes an array of services, including 24-hour emergency services, screening and evaluation services for involuntary commitment, inpatient care, crisis stabilization, case management, daily structure and support, residential services, vocational services, outpatient screening, prevention and education services, and administrative costs of providing services.

The comprehensive integrated mental health program must give priority in service delivery to persons who, as a result of a severe and pervasive disorder, may require or are at risk of hospitalization; or experience such major impairment of self-care, self-direction, or social and economic functioning that they require continuing or intensive service. The Trust may allow the comprehensive mental health program to include services to other persons.

Trustees

Caren Robinson	Juneau	Chair
John Pugh	Juneau	Vice Chair and Comp Plan
Tom Hawkins	Anchorage	Secretary/Treasurer and Asset Management Committee Chair
Susan LaBelle	Anchorage	Rural Outreach Ad Hoc Committee Chair
John Malone	Bethel	Program and Planning Committee Chair
Nelson Page	Anchorage	Budget Committee Chair
Phil Younker, Sr.	Fairbanks	

The Commissioners of Health and Social Services, Natural Resources, and Revenue, or their respective designees, are advisors to the Trustees. Trustees also work closely with four advocacy boards that represent Trust beneficiaries: Alaska Mental Health Board, Governor's Council on Disabilities and Special Education, Advisory Board on Alcoholism and Drug Abuse, and Alaska Commission on Aging.

Staff

Jeff Jessee	Executive Director
Delisa Culpepper	Deputy Director
Betty Sorensen	Financial Officer
Bill Herman	Program Officer
Mary Elizabeth Rider	Program Officer
Marilyn McMillan	Accounting Supervisor
Odis Adams	Trust Clerk
Laura Schalavin	Trust Clerk

Contact information

Alaska Mental Health Trust Authority
550 W. 7th Ave., Suite 1820
Anchorage, AK 99501
(907) 269-7960 phone • (907) 269-7966 fax
Web site: www.mhtrust.org



The Alaska Mental Health Trust Authority

Vision and Mission

Background

Duties of The Trust

Trustees & Staff

Vision and Mission

The Alaska Mental Health Trust Authority administers the Mental Health Trust established in perpetuity. It has a fiduciary responsibility to its beneficiaries to enhance and protect the Trust and to provide leadership in advocacy, planning, implementing, and funding of a comprehensive integrated mental health program to improve the lives and circumstances of its beneficiaries.

Background

The seven Trustees of the Alaska Mental Health Trust Authority (The Trust) manage The Trust for its beneficiaries. The Trust was established before statehood by the Alaska Mental Health Enabling Act of 1956 to bring home Alaskans with mental disabilities who had been sent outside of Alaska because we had no services here. The state was expected to use The Trust to ensure the creation of a comprehensive integrated mental health program for all Alaskans. The beneficiaries of The Trust include Alaskans who experience:

- mental illness,
- mental retardation or similar disabilities,
- chronic alcoholism with psychosis, or
- Alzheimer's disease or related dementia.

The state originally selected one million acres of federal land for The Trust. But breaches of the state's fiduciary duty and mismanagement resulted in the best half of that land being removed from The Trust for parks, local governments and private individuals. As a result, a lawsuit, Weiss v. State, was filed and in 1985 the Alaska Supreme Court ordered that The Trust be restored. In 1994 the lawsuit was settled. The Trust was recreated with 500,000 acres that remained of the original Trust land; 500,000 acres of replacement land; and \$200 million.

In 1994 The Trust was recreated with 500,000 acres of remaining original Trust land, 500,000 acres of replacement land and \$200 million

Duties of The Trust

Enhance and protect The Trust. Trustees have a fiduciary obligation to ensure that The Trust's assets are managed in a way that will fund services to beneficiaries. To manage its land assets, The Trust contracts with the state Department of Natural Resources. The Mental Health Trust Land Office manages the land, assuring that it is maintained and improved and generates revenues for The Trust. The Land Office consults with The Trust on lands activities such as timber, real estate, minerals, and coal, oil and gas development. Trustees must approve exchanges of Trust land.

The Trust contracts with the Alaska Permanent Fund Corporation to manage Trust cash assets. The Permanent Fund Corporation invests the principal, and re-invests a portion of The Trust's income to inflation-proof Trust assets.

Income from Trust land and financial investments is used to pay for services described in the Comprehensive Integrated Mental Health Plan; to adjust the principal of The Trust for inflation; and to pay for the cost of managing The Trust's assets and The Trust.

Provide leadership in advocacy, planning, implementing, and funding of a comprehensive integrated mental health program. Under statute, The Trust provides leadership in many ways. The Trust coordinates with state agencies about programs that affect beneficiaries. Trustees consider recommendations from four Governor-appointed boards and commissions in

funding services to beneficiaries from Trust income, and in recommending the state's General Fund/Mental Health budget in their annual report to the legislature, governor, and the public.

Trustees and staff assist the four boards that represent Trust beneficiaries in developing effective needs assessment, planning, and advocacy strategies. The Trust works with agencies that administer funds and with service providers to assure that funds are spent in ways that assist consumers most effectively. Trust staff works with agencies seeking funding outside of the usual funding process when exceptional circumstances prevail, as recommended by the four boards. In such situations, The Trust may assist an agency in identifying or ruling out alternative sources of revenue, one of which may be Trust income. The Trust works with other funding sources to ensure the most effective and efficient use of funds for maximum assistance to people who use the comprehensive integrated mental health program.

Coordinate with state agencies about programs that affect beneficiaries. The Trust coordinates with other state agencies involved with programs affecting people who need services from the Comprehensive Integrated Mental Health Program. They include the Department of Health and Social Services, Divisions of Mental Health and Developmental Disabilities, Medical Assistance, Public Health, Alcoholism and Drug Abuse, and Administrative Services; Department of Administration, Division of Senior Services; the Department of Corrections; and the Alaska Housing Finance Corporation.

Review and consider recommendations of the Alaska Commission on Aging, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, and Governor's Council on Disabilities and Special Education.

Each of these boards reviews the state's Comprehensive Integrated Mental Health Program, and recommends ways to use Trust income funds to the best interest of the beneficiary group each represents. Trustees review and consider these recommendations in making The Trust's program and budget recommendations each year.

Report to the legislature, governor, and the public. Each year, The Trust makes a written report of its activities. This report includes a budget for the next fiscal year and a proposed implementation plan based on the comprehensive integrated mental health plan.

The report informs the Governor, legislature, and public about the assets, earnings, and expenditures of The Trust from the previous fiscal year. It compares The Trust's assets, earnings, and expenditures with the prior five years, and projects The Trust's assets, earnings, and expenditures for five years. This report presents The Trust's budget recommendations and its reasons for making those recommendations; and describes The Trust's guidelines for establishing services. The report forecasts the number of persons needing services, and project the resources required to provide the necessary services and facilities. It reviews the status of the comprehensive integrated mental health program, and evaluates overall effectiveness of the state's mental health program.

TRUST *worthy*

The Quarterly Newsletter of The Alaska Mental Health Trust Authority

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Trust Advocates for New Programs Using Alcohol/Drug Treatment & Prevention Fund

Editor's Note: This special issue of Trustworthy outlines how The Trust recommends the state use the Alcohol/Drug Treatment & Prevention Fund. This issue also provides readers with details of The Trust's FY04 budget recommendations that must be approved by the legislature this session. Finally, we've included the latest staff news from The Trust and the Trust Land Office, including the TLO's year-end results for FY02. Additional information on all these subjects is available on The Trust's web site at www.mhtrust.org.

The Alaska Mental Health Trust and its partners in the behavioral health community are asking state legislators to join in a bi-partisan effort to address the most pervasive and costly social and health problem facing Alaska, namely alcohol and substance abuse and addiction. The Trust is asking the Alaska Legislature when it convenes this session to use its Alcohol and Drug Treatment and Prevention Fund for expanded services. Established by the legislature last year, it allocates half of the state's future alcohol excise tax revenues for the prevention and treatment of alcohol and drug abuse.

If The Trust recommendations are approved, the fund would receive approximately \$15.5 million annually to develop the physical and workforce infrastructure needed throughout the state to increase effective treatment statewide.

Alcohol and drug abuse and addiction have pervasive social and economic impacts that affect all Alaskan communities and strain the resources of public systems at all levels. The Alcohol and Drug Treatment and Prevention Fund service expansion will provide effective intervention systems where the impact falls heaviest, namely on public safety, child protection, and criminal and civil justice systems.

Effective interventions in the criminal justice and child protection systems depend on the availabil-

ity of timely treatment for those with a mandate to receive it. Lack of adequate treatment capacity delays treatment and reduces the effectiveness of interventions, increasing the human impacts and costs of alcohol and drug abuse. Use of the Alcohol and Drug Treatment and Prevention Fund for new services will provide a mechanism to improve these outcomes substantially.

The Trust is submitting to the legislature a spending plan for the fund that gives top priority to "Reforming Mandated Treatment", an approach in which new treatment capacity will be developed targeting those with a legal or other mandate for treatment and high motivation to get it. Priority also will be given to developing new capacity and making system improvements that will increase access and effectiveness of treatment for other special target populations. Those include individuals with a co-occurring substance abuse and mental disorder and women of childbearing age at high risk of giving birth to a child with a disability due to pre-natal exposure to alcohol.

The Trust's plan calls for ongoing evaluation mechanisms to ensure the effectiveness of the fund's investments and to ensure that investments are sustainable.

Key elements of the plan are included inside this issue.

The Trust's Proposed Alcohol Fund Package

Operating Budget Proposals

CHILD PROTECTION

Alcohol & Drug Abuse Treatment for Parents

Provides increased treatment capacity of various kinds for parents who are mandated treatment by the Division of Family and Youth Services (DFYS). This funding would provide for assessments, intensive outpatient services, residential treatment services, continuing care, as well as training for DFYS staff. \$1,470,000 FY04 increasing to \$1,665,000 FY05

Treatment for Rural Women with Children

This operating funding replaces short-term Trust funding for substance abuse treatment of rural women with children. This funding has provided for the expansion of the residential and out-patient treatment for women and children through Department of Health and Social Services (DHSS) referral. \$250,000 FY04 and beyond

ADULT OFFENDER

Continuation of Department of Corrections (DOC) Treatment Programs

This project replaces short-term Trust funding for the existing DOC Men's and Women's Residential Substance Abuse Treatment Program, a departmental assessment specialist, and two specialty programs for juveniles and adults at the Spring Creek Correctional Center. \$150,000 FY04 and beyond

Inmate Substance Abuse Treatment Programs

This project adds additional outpatient treatment services to DOC inmate facilities. DOC offers inmate substance abuse treatment programs of some sort at all of its facilities. Contracting for additional counselors at three of these facilities will greatly increase the number of inmates with substance abuse problems who can

be helped while incarcerated. \$130,000 FY04 and beyond

Community Re-entry Outpatient Services

This project would add outpatient contract treatment for inmate reentry into their home community under DOC community supervision. Current treatment capacity is grossly insufficient and a large percentage of the criminal offenders returning to their communities are not getting the treatment they need. Treatment for this offender population must address criminal thinking errors and behavior. \$1,225,000 FY04 increasing to \$1,300,000 FY05

Drug Court Continuation Funding

This funding replaces short-term federal funding for this court, including urine drug test kits, case manager/court liaison/treatment, part-time public defender and part-time district attorney. \$190,000 FY04 and beyond

Mental Health Court Case Management

This project replaces short-term Trust funding and provides a case management component, the Court Coordinated Resources Project, for the Anchorage Mental Health Court. The court is an integrated, comprehensive approach to reduce expensive criminal justice recidivism of those with mental illness or co-occurring disorders. It provides intensive case management and court supervision for non-violent, low-risk Trust beneficiaries convicted of misdemeanors. \$275,000 FY04 and beyond

Add Capacity to Therapeutic Courts

Adds case managers for existing specialty courts — a felony DWI court (located in both Bethel and in Anchorage) and a felony drug court (located in Anchorage). With the additional case managers proposed for each of the courts, the courts caseloads can be doubled with little or no other additional expenses. \$225,000 FY04 and beyond

Therapeutic Courts - Add Prosecutor & Public Defender Staff Time

Adds additional prosecutor and Department of Health and Social Services defender time for therapeutic courts. This will enable the courts to process more clients through this system. \$150,000 FY04 and beyond

Treatment Capacity to Support Therapeutic Courts

This funding increases intensive outpatient treatment and continuing care for alcoholism and substance abuse disorders to support therapeutic courts. \$205,000 FY04 increasing to \$410,000 FY05

EMERGENCY SERVICES

Title 47 Initiative - Alcohol Tax

This funding adds a contractor and attorney general support to encourage use of Title 47 statutes involuntarily committing persons to treatment who are a danger to themselves or others. \$200,000 FY04 decreasing to 150,000 FY05

Maintain Anchorage Detox & Dual Diagnosis

Funds will be used to replace monies previously provided by a time-limited federal grant. This increase will allow the division to fully fund the current emergency detoxification and dual diagnosis beds in Anchorage. Enhanced detoxification and residential dual diagnosis treatment are two of the major services under the Community Mental Health/API Replacement Project. \$275,000 FY04 and beyond

Fairbanks Public Inebriate Services Operations

Funds will expand capacity for public inebriate services in Fairbanks to serve community needs. These services include detox, community services patrol, and other services related to the public inebriate. This population is largely composed of Trust beneficiaries under the Chronic Alcoholism with Psychosis criteria. \$750,000 FY04 and beyond

YOUTH/JUVENILE JUSTICE

Enhance Enforcement of Underage Drinking Laws

This funding adds two positions to the Alcohol Beverage Control Board for monitoring licensed businesses. Consistent, regular monitoring of the alcoholic beverage industry resulting in a reduction of underage access to alcoholic beverages. \$150,000 FY04 and beyond

Advancing Youth Development: A Curriculum for Training Adults Working with Youth

The project will provide training, education and professional development for youth workers regardless of what discipline they work in (i.e. teen suicide, pregnancy,

alcohol, drugs, tobacco, violence prevention, intervention or treatment.) None of the current asset workshops addresses community program service delivery and how agencies can incorporate those concepts into their work with youth and their families. \$200,000 FY04 decreasing to \$150,000 FY05

Youth Substance Abuse Prevention

This institutes funding for prevention services throughout Alaska previously provided under a federal grant that allowed local communities to implement research-based prevention practices to increase the probability that today's youth do not become tomorrow's treatment clients. Currently 23 communities are involved in the

effort. \$950,000 FY04 increasing to \$1,000,000 FY05

Juvenile Justice Adolescent Treatment

This funding adds adolescent treatment in Division of Juvenile Justice (DJJ) facilities. DJJ would develop a comprehensive and standardized substance abuse education and treatment component with a minimum of two youth counselor staff as certified chemical dependency counselors on each treatment unit of the four youth facility treatment programs in Alaska. \$280,000 FY04 and beyond

Continuum of Care for Adolescents

This project adds a variety of intervention and treatment services for adolescents as well as Juvenile ASAP services. This

Article continued on Page 6

Key Elements of the Plan

There are nine key elements in the plan that will focus on making effective treatment available, accessible and timely for those who are mandated to obtain it. They also include developing infrastructure, training personnel and creating prevention programs to support the treatment systems. Finally, all will be evaluated for efficacy and cost effectiveness.

Treatment Capacity – Priority will be given to programs that add new capacity and ensure on-going funding for existing, effective treatment for targeted populations. Such programs will help reduce critical social and economic impacts in Alaska, such as child abuse and criminal recidivism. Top priority will be given to programs that increase treatment capacity to ensure "mandated" treatment is available in a timely manner soon after court orders.

Intervention – Effective legal mechanisms and resources required to implement intervention strategies will be enhanced. Intervention shall be timely, effective and comprehensive especially in the circumstances where an individual's addiction or substance abuse endangers themselves or the safety and well being or legal rights of another. Adequate follow-up services shall be available to maximize the individual's full recovery.

Infrastructure – Expenditures will focus on capital investments in physical and other infrastructure required to adequately house existing and increased treatment capacity.

Workforce Development – Education and training will be developed for the existing workforce as well as development of additional workforce to support new treatment capacity.

Evaluation – Mechanisms will be developed for evaluating the effectiveness of the plan and programs, including efficacy and cost effectiveness of different methods of treatment and prevention.

Prevention – Programs will be developed that implement strategies of proven effectiveness for addressing fetal alcohol syndrome prevention, underage drinking, drunken driving, etc., and supporting community-level action and youth development prevention strategies.

Rural/Alaska Native – Programs will be designed to ensure that services are culturally relevant and effectively address the abuse and addiction problems of populations that are disproportionately affected, such as Alaska Native and rural populations, who are greatly over-represented in the criminal justice, child protection and human service systems.

Local Community Efforts – State actions will be geared to support and encourage local efforts to prevent or reduce the impacts of substance addiction and abuse.

Enforcement – Funding for programmatic or capital improvements that are required to improve interdiction and enforcement will continue to be included in the state's general fund.

Trust Land Office Year-End Report

The Trust Land Office (TLO), a small nine-person special unit in the Department of Natural Resources (DNR), manages approximately one million acres throughout the state of Alaska on behalf of the Alaska Mental Health Trust Authority. Trust land is managed in accordance with state law (AS 38.05.801) and regulations adopted in 1997 (11 AAC 99), which provide in part that Trust land management shall be conducted solely in the best interest of the Alaska Mental Health Trust and its beneficiaries. The regulations also provide that TLO actions be guided by the following principles:

- Maximize long-term revenue from Trust land;
- Protect and enhance the long-term productivity of Trust land;
- Encourage a diversity of revenue-producing uses of Trust land; and
- Manage Trust land in a prudent and efficient manner, with accountability to The Trust and its beneficiaries.

Revenue-generating uses of Trust land currently include commercial timber sales; mineral exploration and production; coal, oil and gas exploration; land leasing and sales; sand, gravel and rock sales; and other general uses. Rents and fees from Trust land uses are considered "distributable income" and are forwarded to The Trust for use the following year. Land sale revenues, hydrocarbon and mineral royalties and 85 percent of timber revenues are considered "principal" and are forwarded to The Trust with 3.5 percent of the balance of the principal account (including Trust land principal from prior years) available for use by The Trust each year.

FY02 Financial Outcomes

The TLO exceeded its FY02 gross revenue goal by 59 percent, with final revenues equaling approximately \$7.7 million. Core and supplemental operating costs for the year equaled around \$1.3 million, or 17 percent of gross revenues, resulting in \$6.4 million in net revenues (over \$700,000 per employee). TLO

2002 Trust Land Office Revenue & Expenses Comparison (in Thousands)



operations through FY02 were responsible for over 20 percent of the \$14.3 million in Trust income in FY02:

Trust Land Rents, Fees and Interest =	\$2.5 million
3.5 percent of cumulative TLO Principal Account Deposits =	\$.6 million
3.5 percent on Non-Trust Land Principal Account Balance =	\$11.2 million
Total FY02 Income =	\$14.3 million

Outcome Highlights for the Year

35 million board feet of timber were harvested from Trust land, principally at Icy Bay, west of Yakutat, and at Thorne Bay on Prince of Wales Island and Katlian Bay near Sitka, generating over \$4.5 million in revenues for the Trust.

50,000 acres were leased for oil and gas exploration, primarily on the west side of Cook Inlet, and permitted the first three dimensional seismic exploration of some of those lands, with the combined actions setting the stage for likely oil and/or gas production from the leased acreage in upcoming years.

Trust Land Office Revenue & Expenses

(in Thousands)

Fiscal Year 1997 through Fiscal Year 2002 are Actuals – Fiscal Year 2003 through Fiscal Year 2007 are Projected

	Actuals					Year in Review	Projected				
	FY1997	FY1998	FY1999	FY2000	FY2001		FY2003	FY2004	FY2005	FY2006	FY2007
Revenue	2,042.8	2,550.7	3,497.8	3,630.0	7,538.7	7,723.0	5,900.0	6,800.0	7,900.0	8,500.0	9,000.0
Income	1,416.0	1,082.7	1,182.9	1,381.0	2,116.2	2,520.0	2,200.0	2,400.0	2,600.0	2,800.0	3,000.0
Principal	626.8	1,468.0	2,314.9	2,249.0	5,422.5	5,203.0	3,700.0	4,400.0	5,300.0	5,700.0	6,000.0
Expenses	751.8	1,096.5	931.0	1,319.0	1,296.4	1,332.3	1,783.2	1,700.0	1,800.0	1,970.0	1,985.0
Operating	751.8	759.9	744.1	712.0	762.0	898.0	983.2	1,100.0	1,150.0	1,170.0	1,185.0
Capital		460.0	186.9	607.0	534.4	434.3	800.0	600.0	650.0	800.0	800.0

An additional 37 subdivision lots were sold through the TLO's annual land sale, with a total sale value of about \$1,112,000. When FY02 purchase contracts were added to previous year contracts, the overall land sale contract portfolio value increased to about \$2,340,000 with an average annual interest rate of 10 percent.

An 80-acre parcel in Anchorage was subdivided, facilitating construction of the new Alaska Psychiatric Institute on a portion of the property, sale of another portion of the property to Providence Health System for \$8 million and development of another portion of the property for long-term leasing purposes, with annual lease revenues expected to exceed \$350,000.



Trust land was surveyed to create new subdivisions.

The TLO started converting long-term and low-yield leases on the Kenai River to high-yield land sales.

About \$100,000 was generated from sand, gravel and rock sales, with a key focus being development of a new market associated with rock and gravel from Fort Knox gold mine (Fairbanks) by products.

The Fort Knox gold mine operations were expanded to include what could be a highly profitable tourism component.

New subdivision efforts were initiated to provide an ongoing supply of lots for the annual TLO land sale, with initial efforts focused on the Wrangell Narrows at Petersburg, Cascade Creek in Sitka and scattered locations in the Matanuska-Susitna Borough.

The Four Dam Pool Sale was facilitated through the sale of a right-of-way across Trust land in several Southeast Alaska locations.

Negotiations were substantially completed for coal production from Trust land in the Healy area and The Trust began receiving \$16,000 per year "payment in-lieu of production" payments from a coal lease in the Matanuska Valley.

Steps were taken to significantly enhance the value of certain Trust lands in downtown Anchorage through the acquisition of adjacent property.

Cooperative community enhancement projects were continued in Juneau, Petersburg, Sitka, Skagway, Thorne Bay and Wrangell.

Timber harvest operations were initiated on the Kenai Peninsula, primarily to address spruce bark beetle damage.

The memorandum of understanding between The Trust and DNR was revised, increasing Trustee oversight of TLO actions.

TLO staff were converted from partially exempt to fully exempt status, thereby improving The Trust's ability to retain and recruit highly qualified employees.

Significant improvements were made to the TLO's information management system as part of a goal to improve the overall efficiency of TLO operations.

Future Focus

The strategic vision of the TLO for upcoming years is to continue efforts to diversify the revenue-generating activities on Trust land, with a key focus on facilitating oil and/or gas production from Trust land and continuation of the TLO's highly successful commercial timber sale program. Additionally, the TLO will increase its land subdivision efforts, encourage more mineral exploration of Trust land, expand The Trust's land lease portfolio and identify opportunities to enhance the value of The Trust's natural resource corpus through strategic improvements and acquisitions. Finally, the TLO will continue to work cooperatively with local governments on projects that serve both the best interest of The Trust and community residents.

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Proposed Alcohol Package

(Continued from page 3)

program provides alcohol and substance abuse screening, referral, and monitoring of persons under 21 years of age who have been referred by a court, DJJ or Department of Motor Vehicles in connection with a charge that is related to the use of alcohol or a controlled substance. Early intervention with minors who are known to use alcohol reduces future demands on both the juvenile and adult criminal justice systems. \$750,000 FY04 increasing to \$1,000,000 FY05

SHARED SERVICES

3rd Party Evaluation Placeholder 5% (including Alaska Judicial Council)

This funding is an evaluation "placeholder" to ensure adequate evaluation of increased services implemented in this package. Funds will include an evaluation of therapeutic courts. \$400,000 FY04 increasing to \$550,000 FY05

Transitional Housing Operations

This program provides operating funds for an array of transitional "services-enriched" housing units statewide to support recovery sustainability for a high-risk, chronic alcoholic population and adds one housing specialist to DHSS. \$800,000 FY05 and beyond

Small Community/ Rural Treatment Services

This project adds outpatient treatment with a minimum grant amount and will address the adult out-patient wait list needs of smaller communities. The project replaces Trust funding for Family Recovery Camps. \$675,000 FY04 increasing to \$750,000 FY05

Workforce Development Initiative

This funding would provide formal training to develop a workforce of well qualified individuals who would be available to fill the professional and paraprofessional positions throughout the state. \$250,000 FY04 increasing to \$550,000 FY05

Capital Budget Proposals

CAPITAL/ INFRASTRUCTURE

Crisis Treatment Center/ Detox Replacement

These funds will be used for the construction phase for the replacement of current facilities housing Enhanced Crisis Respite from mental illness and Enhanced Detox services in Anchorage. The new building will house 16 beds for each service, a total of 32 beds. The current buildings housing Enhanced Crisis Respite will be demolished when the Alaska Psychiatric Institute (API) moves. Crisis respite and detoxification services are essential parts of the community services for the replacement of API. Design was funded in FY03. \$7,100,000 FY03

Fairbanks Public Inebriates Services Expansion - Capital

These funds will expand capacity for detox services in Fairbanks to serve community needs, including detox, community services patrol, and other services related to the public inebriate. This population is largely composed of Trust beneficiaries. \$1,000,000 FY04

Transitional Housing - Capital

This funding will provide an array of new housing capital to build or renovate transitional "services-enriched" housing units statewide to support recovery sustainability for a high-risk chronic alcoholic and substance-abusing population. This array ranges from intensive on-site support services to minimal off-site group support and case management. \$300,000 FY03 and \$1,750,000 FY04

Alcohol Fund Package - On-going Capital Funding

This is a placeholder for on-going capital needs related to the use of the alcohol fund for alcohol treatment and intervention services. \$750,000 FY05 and beyond

Women & Children Treatment Expansion - Capital

These funds will expand facilities to provide increased capacity for treatment of women with co-occurring disorders and their children with DFYS and/or criminal justice mandates. \$500,000 FY03

Check The Trust's Web site at

www.mhtrust.org

for regular updates on the Alcohol Fund Package.

Seymour the Moose Makes a Guest Appearance



Seymour the Moose, mascot of the Anchorage Convention and Visitors Bureau, made a guest appearance at the 2002 Philanthropy Northwest annual meeting in Coeur d'Alaine, Idaho, this fall along with Trust staff and Trustees. Many conference delegates said Seymour acted and talked a lot like Jeff Jesse, executive director of The Trust. Seymour's goal was to encourage participation in the 2003 annual conference, which will be held at the Alyeska Prince Hotel in Girdwood Sept. 7-9, 2003. Philanthropy Northwest members are organizations and individuals that fund in the Northwest states of Alaska, Idaho, Montana, Oregon, Washington, or British Columbia, Canada.

Four New Faces Join the Trust Staff



Nancy Burke

Nancy Burke comes to The Trust from the non-profit sector as the former South Central Regional Director for Access Alaska, Inc. She has a master's degree in social work from Syracuse University in Syracuse, N.Y., where she completed her degree in family mental health with a secondary concentration in child welfare. Nancy has 12 years experience in the social services field, most of which has been in the mental health and disability services and the disability rights movement. She will be The Trust liaison to the Governor's Council on Disabilities and Special Education and the Alaska Commission on Aging, and will be working on The Trust's emphasis areas of housing and the service delivery structure for individuals with a traumatic brain injury.



Russ Webb

Russ Webb has joined The Trust to work on a special federally-funded initiative associated with the API Replacement/Community Services project. This initiative is directed toward reducing and preventing incarceration and institutionalization of persons with disabilities, focusing primarily on persons with mental illness and co-occurring mental illness and substance use disorders. In addition he will be working with the University of Alaska to identify opportunities and mechanisms for The Trust and university to coordinate policies and action to further the missions of both organizations for the benefit of Alaskans.

Russ comes to The Trust from the Department of Health and Social Services where he served as deputy commissioner. His formal education is in the field of psychology but he has 30 years experience working in a variety of human service fields in direct service, supervisory, and management positions. During his 27 years in Alaska, Russ has worked in Alaska's child welfare, juvenile and adult corrections, public health, mental health, developmental disabilities, and substance abuse systems. His experience includes working directly with consumers and advocates at all levels to improve services for Alaskans.

The Trust has two interns working in the office from the University of Alaska Anchorage (UAA). Each year The Trust attempts to employ student interns who are interested in working on projects that will further their goals around policy, administration, and management.

Wanda Katinszky comes to The Trust as an intern from the UAA Master of Social Work Program. Wanda has been working with Trust staff in support of the Alcohol Fund preparation and the Criminal Justice Summit. In the spring, Wanda will assist in staffing the Legislative Committee and will assist with policy issues arising from this committee. She has embarked on a second career after retiring from the U.S. Air Force after more than 18 years. Wanda is a registered nurse and volunteers her time with the Alaska Nurses Association, the Alaska Women's Resource Center as a Legal Advocate, and as a Court Appointed Special Advocate with the Office of Public Advocacy. She is interested in a career working in social policy.



Interns from UAA — Wanda Katinszky and Luke Lind

Luke Lind is currently completing his Master of Public Administration at UAA. A lifelong Alaska resident, Luke previously worked as a personal banker at the Bethel Branch of National Bank of Alaska. His activities with The Trust include assisting with the development of a statewide Individual Development Account program, helping to prepare the 2003 Trust project status reports, and the planning of the 2003 Rural Outreach Trip.

The TRUST

The Alaska Mental Health
Trust Authority

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ADDRESS SERVICE REQUESTED

Presorted Standard
U.S. Postage
PAID
Anchorage, AK
Permit No. 62

Trust beneficiaries include Alaskans who experience mental illness, mental retardation or similar disabilities, chronic alcoholism with psychosis, or Alzheimer's disease or related dementia.

Visit Remodeled Web Site

The Trust's Web site at www.mhtrust.org has undergone a makeover, with new content, new photos and most importantly a more user-friendly site that will make finding information about The Trust, its programs and partners much easier and more convenient. So, log onto the Internet and check out The Trust's new online look.



The screenshot shows the website's home page with a navigation bar at the top containing links for Home, Calendar, and Contact Us. The main header features the organization's logo and the text 'Home Page'. Below the header, there are several sections: 'About The Trust Authority' with links to Vision and Mission, Trust History, Trust Statute & Regulations, Beneficiaries of the Trust, Trust Management, Trust Guiding Principles, and Secretary Partners; 'Our Funding Process' with links to How to get Funding, Where your Funding Comes From, The Budget Process, Small Projects Funding, and Trust Program Reports; 'Trustee Board Meetings' with links to Asset Management Committee, Budget Committee, Program and Planning Committee, and Ad Hoc/Advisory Committees; 'Our Programs' with links to Comprehensive Integrated Mental Health Program, In-Sight Plan, Current Trust Led Initiatives, and The Press Room; and 'Links'. A central 'Welcome to The Trust' section includes a 'Duties of The Trust' list: Enhance and protect The Trust, Provide leadership in advisory, planning, implementing, and funding of a comprehensive integrated mental health program, Coordinate with state agencies about programs that affect beneficiaries, Prepare a budget for the state's comprehensive mental health program, and Report to the legislature, government, and the public about Trust activities. To the right of this section is a vertical list of icons and labels: Health, Safety, Economic Security, Living with Dignity, Workforce Development, and Infrastructure Development. A 'How to Contact Us' section provides a phone number and a link to contact information. At the bottom, there is a 'News & Coming Events' section with a link to view upcoming meetings and events. The footer contains navigation links and copyright information: '© Copyright 1998-2007 The Alaska Mental Health Trust Authority'.

inside **TRUST** worthy

Budget Recommendations — Winter, 2002

FY04 Budget Recommendations

The following are The Trust's recommendations as of Oct. 17, 2002, for the Fiscal Year 2004 (FY04) separate Mental Health Appropriation Bill that allocates funding for programs directed to Trust beneficiaries. These recommendations include earmarked general fund dollars (GF/MH), Trust income or Mental Health Trust Authority Authorized Receipts (MHTAAR), Mental Health Trust Authority Administrative costs (MHT Admin), Alaska Housing Finance Corporation (AHFC) Receipts, and any adjustments to the previous year's GF/MH base.

FY04 Operating Recommendations

DEPARTMENT OF ADMINISTRATION

Division of Senior Services

Protection, Community Services & Administration

Quality Assurance — This is a continuation project that is developing a quality assurance program for services and programs under the purview of the Division of Senior Services. \$100,000 MHTAAR and \$125,000 Federal

Rural Long Term Care Development — This project provides a comprehensive and coordinated approach to long-term care development for seniors in rural Alaska that addresses the serious infrastructure gaps in those areas. \$110,000 MHTAAR

Delegation of Adult Protective Services In Rural Alaska — The Division of Senior Services proposes to offer three grants to rural native health or social service organizations for Adult Protective Services in their area. \$75,000 MHTAAR and \$75,000 GF/MH

Board Development on Rural Issues — Continuation of rural outreach trips by the ACoA. \$15,000 MHTAAR

ACoA Planner — Provides additional Planner to assist ACoA in working with the Mental Health Trust Authority. \$75,500 MHTAAR

Home and Community Based Services

ADRD Support Services — Expand service model from the Alzheimer's Demonstration Project statewide and provide ADRD Caregiver grants. \$250,000 MHTAAR and \$250,000 GF/MH

Geriatric Education and Training — Expand successful provider training models developed in FY02-03 to statewide delivery. Develop and conduct training in areas identified in Quality Assurance project. Support on-going conference to include training regarding elder beneficiaries. \$250,000 MHTAAR

Elders with Co-occurring Disorders — Develop curriculum to educate care providers about elders with alcoholism and/or mental illness, promote outreach and identification of elders with alcoholism and/or mental illness, and provide intensive case management for elders with alcoholism and/or mental illness. \$190,000 MHTAAR

Innovative Respite and Chore for All Beneficiaries — This project funds five regional grants to provide flexible in-home respite and chore services to all beneficiaries and their caregivers. \$187,500 MHTAAR and \$187,500 GF/MH

Mini-grants for ADRD Beneficiaries — This program provides Trust beneficiaries with a broad range of services and equipment, not available from any other source, that are essential to directly improving their quality of life and increasing independent functioning. \$257,200 MHTAAR

Alaska Longevity Programs Management

Pioneer Homes

Geropsychiatrist — This increment will fund a full-time Geropsychiatrist for Long Term Care facilities, including nursing homes, the Pioneer Homes and other assisted living homes. \$125,000 MHTAAR and \$125,000 GF/MH

Legal & Advocacy Services

Public Defender Agency

Public Defender Agency MHC Attorney & Social Worker — This proposal requests extended funding for a full-time mental health court attorney and funding for a new social worker position. \$127,300 MHTAAR and \$63,700 GF/MH

Office of Public Advocacy

Office of Public Advocacy

Addition of Four Public Advocacy Positions — This increment will add four public guardian positions to support increased caseload. \$150,000 MHTAAR and \$150,000 GF/MH

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

Special Education

Projects and Grants

Secondary Transition Capacity Building — Project provides funds for capacity building, coordination and collaboration among teachers, educators, administrators, State agency staff and service providers to improve the delivery of secondary transition services. \$100,000 MHTAAR

Early Development

Division of Early Development

Autism Training and Education — This project would provide consistent statewide training and education on Autism Spectrum

Disorders to parents and professionals on an ongoing basis at both basic and advanced levels in both rural and urban communities. \$150,000 MHTAAR

DEPARTMENT OF CORRECTIONS

Administration & Operations

Inmate Health Care

Jail Alternative Services (JAS) — JAS program connects sentenced mentally ill misdemeanants with community-based services and monitors compliance with probation conditions. A companion project to the Court Coordinated Resource Program (CCRP). JAS serves misdemeanants sentenced through the Mental Health Court of the Anchorage District Court. \$86,700 MHTAAR and \$43,300 GF/MH

Spring Creek Correctional Center Initiative — The treatment services of a mental health clinician, psychological counselor, registered nurse, and contract substance abuse treatment provider will be jointly utilized on two units at Spring Creek Correctional Center in Seward: the Sub-Acute Care Unit for seriously mentally ill men, and the Juvenile Offender Unit. \$50,000 MHTAAR and \$50,000 GF/MH

Transportation and Classification

Centralized Substance Abuse Assessment Specialist — The Specialist works with Department of Corrections staff to assess felony inmates with significant substance abuse problems and assign them to an appropriate facility setting. \$30,100 MHTAAR and \$30,100 GF/MH

Inmate Programs

Women's Residential Substance Abuse Treatment — This proposal provides a therapeutic community for women at Hiland Mountain Correctional Center. \$29,500 MHTAAR, \$29,400 GF/MH and \$167,700 Federal

Men's Residential Substance Abuse Treatment — Project funds a therapeutic community that is located at Wildwood Correctional Center in Kenai. \$41,500 MHTAAR, \$41,400 GF/MH and \$236,000 Federal

DEPARTMENT OF HEALTH & SOCIAL SERVICES

Medicaid

Medical Administration

Medicaid Review and Enhancement Project — This project will explore, develop, and implement ways to use Medicaid to fund

new services or maximize resources for existing services to underserved beneficiaries. \$200,000 MHTAAR

Purchased Services

Family Preservation

Supported Parenting & Family Support - Parent Beneficiaries — This project builds on current efforts in three beneficiary groups to provide necessary support service to parents with disabilities, severe alcohol problems, or mental illness. \$250,000 MHTAAR

Residential Child Care

Mental Health Stabilization Homes — The level of care will be an alternative to hospital, institutional, or out-of-state placement for youth with serious emotional disturbances. Grantees must be Medicaid eligible mental health providers. \$100,000 MHTAAR

State Health Services

Infant Learning Program Grants

Infant Learning Program Waitlist Reduction and Base Grant Restoration — These funds will be used to reduce the Infant Learning Waitlist by providing services to individuals on the list. The funds will also be used to replace funds cut by the legislature from the base grant programs.

Maternal Child and Family Health

Healthy Families Control Group Study — This study is establishing, monitoring and comparing outcomes for two groups of families with similar characteristics who receive either standard services offered to pregnant women and families of newborns or Health Families Alaska services. Funds for the project support both the design and implementation of the project. \$100,000 MHTAAR

Alcohol & Drug Abuse Services

Alcohol and Drug Abuse Grants

Family Wellness Camps — Provides operating funding for new and existing family wellness camps providing substance abuse treatment in rural areas. \$150,000 MHTAAR and \$200,000 GF/MH

Mini-grants for Beneficiaries who are Chronic Alcoholics with Psychosis — Provides mini-grants of up to \$2,500 for chronic alcoholics with psychosis who are in need of a range of medical, dental, vision, or special health-care services. \$317,600 MHTAAR

Base Modification for DADA Grantees - "Keep the Doors Open" — This project addresses the interconnected components of a strategy to support effective service delivery sustainability by providing an equitable compensation package to retain well qualified staff. \$925,000 GF/MH

API2000 Maintain Anchorage Detox & Dual Diagnosis - Operating — This project will provide the utilization review and emergency services coordination portion of the API2000 project to allow API to operate at 54 beds, a reduction from 74. \$278,500 GF/MH

Alcohol Tax Placeholder — This placeholder acknowledges the Trust's interest in partnering to develop a plan for utilizing new alcohol tax revenue for a multi-faceted, multi-year proposal to impact the problems created in Alaska by alcohol and drug abuse. \$16,000,000 Alcohol Tax

Transitional Housing Operating Funds — Transitional housing will provide safe and sober housing following treatment completion for those maintaining their sobriety during this high-risk period. \$200,000 MHTAAR

Rural Services Grants

Village Based Counselors Expansion — Expands coverage of village-based counselors in underserved/unserved communities and regions. \$125,000 GF/MH

Community Mental Health Grants

General Community Mental Health Grants Mental Health Consumer & Family Conference — Leadership training for mental health consumers and their families. Conference training sessions help develop consumer participation at all levels of the mental health system. \$50,000 MHTAAR

Rural Services for Deaf/Hearing Impaired — This project supports mental health and substance abuse professionals trained to provide services to individuals who are deaf or who have hearing impairments. \$75,000 MHTAAR

Mini-Grants for Beneficiaries Experiencing Mental Illness — The mini-grant program provides Trust beneficiaries with a broad range of equipment and services that are essential to directly improving their quality of life and increasing independent functioning. \$385,800 MHTAAR

Psychiatric Emergency Services

Community Mental Health Grant Floor — This GF/MH increment represents the final step in raising the Community Mental Health grant floor to \$250,000. This request will help grantees employ and retain qualified staff to provide emergency services, basic outpatient services and a support infrastructure to maintain these services. \$300,000 GF/MH

Rural Mental Health Consultation, Training, and Coverage — This project consolidates three proposals submitted by the Rural Mental Health Association that are closely related in purpose. Together the three projects support rural consultation, training, and grantee assistance under one administrative structure. \$402,500 MHTAAR

API2000 Enhanced Crisis Respite - Operating — Funds enhanced crisis respite community services to allow API to operate at 54 beds, a reduction from 74. \$422,200 GF/MH

Chronically Mentally Ill Services

Independent Case Management and Flexible Support Services — This project provides Independent Case Managers who are not related to a community mental health center with strong consumer choice in selecting flexible, community-based services. \$250,000 MHTAAR

Non-Profit Transitional Housing - Operating — This project would expand the capacity of programs like the Safe Harbor Inn by 25 units. The Safe Harbor Inn is a non-profit motel that successfully provides safe, affordable lodging for homeless families and persons with mental and physical disabilities as they make the transition to permanent housing. \$50,000 MHTAAR

Traumatic Brain Injury Project — This project continues the effort to establish a planning and policy advisory council, develop a state plan of services, and provide start-up funding for assessment and treatment of people with traumatic brain injuries. \$175,000 MHTAAR

Clubhouses and Other Consumer Run Programs — This is a request for an extension of the existing project to establish and develop consumer directed and consumer run programs statewide. \$200,000 MHTAAR

Beyond Shelter Program: Outpatient Services for Homeless Persons — The Beyond Shelter Program provides supports to homeless individuals with mental illness and/or substance abuse problems and their families as they move toward re-establishing a home and self-sufficiency. \$50,000 MHTAAR

Integrated Supports for Co-Occurring Disorders — This project targets adults with co-occurring mental and substance abuse disorders who have frequent involvement with the criminal justice system. The project provides these high risk/high need consumers with support services to help them maintain stability in the community. \$367,000 MHTAAR

API2000 Intensive Community Services - Operating — This project will provide the intensive community services portion to allow API to operate at 54 beds, a reduction from 74. \$450,000 GF/MH

API2000 Designated Evaluation & Treatment - Operating — This project will provide the intensive community services portion to allow API to operate at 54 beds, a reduction from 74. \$1,582,100 GF/MH

Seriously Emotionally Disturbed Youth

Bring the Kids Home Initiative - Operating — A comprehensive five-year DISS initiative designed to build critical capacity to reduce the number of Alaska children and youth placed in out-of-state residential treatment centers. Project adds 78 new state positions. \$1,125,000 GF/MH and \$1,462,500 Federal

Community Developmental Disabilities Grants

Developmental Disabilities Community Grants

Developmental Disabilities Wait List Reduction and Base Grant Restoration — These funds would be used to remove individuals currently in need of services from the Developmental Disabilities Wait List and replace funds cut by the legislature from base grant programs. \$625,000 GF/MH

Inclusive Recreation — This project provides funds to community recreation providers to include mental health consumers and individuals who experience developmental disabilities in community recreational activities. \$50,000 MHTAAR

Dental Training Program — This project provides funds to pilot the coordination and provision of dental hygiene training for developmental disabilities direct service providers so they can learn techniques to be used with the individuals they support and train. \$50,000 MHTAAR

Positive Behavior Support Training — Provides funds for eight intensive trainings and follow-up in rural communities for family members and providers to implement positive support plans for individuals with challenging behaviors. \$70,000 MHTAAR and \$70,000 GF/MH

Learn as You Earn Program — This project provides formal, competency-based training (certificate, associate, and bachelor's degree program) for people already employed in the field. \$100,000 MHTAAR

Mini-Grants for Beneficiaries with Disabilities — The mini-grant program provides Trust beneficiaries with a broad range of equipment and services that are essential to directly improving their quality of life and increasing independent functioning. \$224,400 MHTAAR

Institutions & Administration

Mental Health & Developmental Disabilities Administration

Quality Assurance Position and Training — This proposal would provide new funding for an additional quality assurance position and training so that all staff of the Division of Mental Health and Developmental Disabilities Quality Assurance Unit are knowledgeable about the specific issues concerning individuals who receive developmental disability services. \$50,000 GF/MH

Inpatient Quality Assurance — This proposal would add contract quality assurance reviews of inpatient facilities (mental health only) to the overall quality assurance effort. \$30,000 MHTAAR

Assisted Living Licensing/Health & Safety Quality Assurance — A planning group has been planning in order to build consensus on those issues that need to be addressed to build a more effective

and responsive assisted living system, and to identify how the current Trust-funded projects can best advance these system level issues. \$145,000 MHTAAR

DMHDD Quality Assurance Package — This new project consolidates MHTAAR funding and GF/MH increments for several ongoing, Trust-related projects to create a Safety and Quality Unit within Division of Mental Health and Developmental Disabilities. \$175,000 MHTAAR

API2009 Utilization Review & Emergency Services Coordination— Operating — This project will provide the utilization review and emergency services coordination portion of the API2000 project to allow API to operate at 54 beds, a reduction from 74. \$211,000 GF/MH

Mental Health Trust Boards

Advisory Board on Alcoholism and Drug Abuse

Board-Trust Partnership— ABADA — ABADA will establish a simple data collection system that will track changes in old and new alcohol tax revenue, statewide and regionally. \$18,000 MHTAAR

Title 47 Initiative — This project provides training and technical assistance to communities as they begin to use Title 47 involuntary commitments for the most severely impaired chronic alcoholics to receive appropriate treatment services that enable them to make conscious choices about recovery. \$50,000 MHTAAR

Infrastructure Improvements— ABADA — This project provides funds for salaries, contracts, workspace and equipment to increase ABADA's capacity for planning. \$85,000 MHTAAR

Integrated Strategic Communications Plan Implementation— Coordinated Public Education — This proposal will fund the implementation of a strategic communications plan developed by the four Trust-related boards. \$200,000 MHTAAR

Governor's Council on Disabilities and Special Education

Workforce Development: Recruitment and Retention — This proposal will support the continuing efforts of the Alaska Alliance for Direct Service Careers to address recruitment and retention issues among all four beneficiary groups by improving direct service worker compensation and benefits; implementing and evaluating a media campaign to target potential employees for providers to each of the four beneficiary groups; and developing and sharing innovative recruitment strategies with provider agencies in each of the four beneficiary groups. \$150,000 MHTAAR

Inclusive Childcare Extension — In its final two years, this project would focus on four areas of need: consumer education; behavioral health; rural outreach; and linkages to other agencies. \$100,000 MHTAAR

Board-Trust Partnership— GCDSE — The Governor's Council will use the funds from this project to restore a \$5,000 cut from the donated dental program, which matches volunteer dentists with adults with disabilities and elderly Alaskans needing dental care. \$5,000 MHTAAR

Partners in Policymaking — This project is designed to create advocates and leaders among individuals with developmental disabilities and their families by training them for leadership. \$200,000 MHTAAR

Research Analyst III— GCDSE — The research analyst will design, conduct, analyze and report on in-depth research studies to provide timely, accurate data for planning purposes. \$80,000 MHTAAR

Planning and Facilities

Comprehensive Integrated Mental Health Plan — Under the supervision of staff at the Department of Health and Social

Services, this project develops the Comprehensive Integrated Mental Health Plan as required by statute. \$50,000 MHTAAR

NATURAL RESOURCES

Resource Development

Mental Health Trust Lands Administration

Trust Land Office Administration — The Trust Land Office, supported by funds derived from Trust income, manages and develops Trust lands on behalf of the Alaska Mental Health Trust Authority to help improve the lives and circumstances of Trust beneficiaries. Annual income earned is available for distribution by the Trust Authority in the following year and principal earned contributes to income distributed in subsequent years. \$1,100,000 MHTAAR

DEPARTMENT OF REVENUE

Mental Health Trust Authority

Trust Authority Administrative Budget — The Trust Authority Administrative Budget provides the administrative and staff support to the Board of Trustees to complete the Trust Authority's statutory obligation and mission to improve the lives and circumstances of Trust beneficiaries. \$1,190,200 MHTAAR, \$100,000 GF/MH and \$291,200 Federal

UNIVERSITY OF ALASKA

University of Alaska Fairbanks

Distance Delivered MSW — Project matches funds by the University of Alaska President for a distance delivered MSW Program. \$50,000 MHTAAR and \$70,600 University of Alaska

ALASKA COURT SYSTEM

District Courts/Anchorage District Court

Court Coordinated Resource Project — This is a voluntary "therapeutic" or "problem-solving" court in the Anchorage District Court that hears cases involving individuals with mental disabilities charged with low-risk misdemeanor offenses and focuses on treatment and rehabilitation. \$183,200 MHTAAR and \$91,600 GF/MH

INDEPENDENTLY ADMINISTERED BY TRUST

Partnership Program — These funds allow The Trust to develop partnering opportunities with other funding sources in a timely manner. \$700,000 MHTAAR

Small Projects Grants — The small projects grants are less than \$10,000, a direct benefit to the beneficiaries and outside of the normal state funding categories. \$250,000 MHTAAR

Board Collaboration Meeting — These funds provide for the travel and gathering of key members of each of the four Boards/Commission that provide planning and guidance to the Trust Authority regarding each of the four beneficiary groups. The Boards/Commission utilize this meeting to collaborate on issues of mutual concern. \$20,000 MHTAAR

Rural Outreach Project — This project funds Trust-sponsored visits to rural regions of Alaska. \$35,000 MHTAAR

Rural Technical Assistance and Coordination — This project provides technical assistance and funding coordination to rural regions and small communities. \$125,000 MHTAAR

Beneficiary Self-Sufficiency Project — This project seeks to eliminate documented legal barriers faced by individuals with

mental illness in their efforts to lead an independent life. \$47,000 MHTAAR

Individual Development Accounts — This project assists Trust beneficiaries to foster independence and self-sufficiency by learning to save money. Individual Development Accounts provide incentives for people using public assistance to save money for educational purposes or to purchase assets such as a home. \$150,000 MHTAAR

Trust Capital Recommendations

DEPARTMENT OF ADMINISTRATION

Integrating Cultural Resources into ADRD Programs and Environments — The goal of the proposed research is to advance the understanding of culture and the ways it can be used for planning enhanced programs and environments for persons with ADRD. \$87,500 MHTAAR and \$87,500 GF/MH

Adult Day Facility Modifications — Provides additional capital funding for the Adult Day facility modifications to complete the initial project that began in FY02 and continued in FY03. \$125,000 MHTAAR and \$125,000 GF/MH

Sika Pioneer Home Improvements — Continuation of Sika Pioneer Home improvements to benefit residents with dementia. \$500,000 GF/MH

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Integrated Behavioral Health Information System — Project will develop and implement an integrated behavioral health information system for the Division of Alcoholism and Drug Abuse, the Community Mental Health Program and API's Hospital Information System. \$500,000 GF/MH

Safe Harbor Inn Expansion— Capital — This project would expand the capacity of programs like the Safe Harbor Inn, a non-profit motel that successfully provides safe, affordable lodging for homeless families and persons with mental and physical disabilities as a transition to permanent housing. \$300,000 MHTAAR and \$300,000 GF/MH

Repair/Replace Village-Based Counselors Offices— Capital — Offices for rural mental health/substance counselors are in deplorable and non-therapeutic condition. This project would augment inadequate capital funding available from DHSS through their rural facilities needs assessment process. \$75,000 MHTAAR and \$75,000 locally generated, matching funds

Replace Rural Community Mental Health Centers — Local Community Mental Health Centers (CMHC) facilities in rural Alaska are often physically substandard and therapeutically inappropriate. This project would provide matching funds for replacement of CMHC facilities with priority accorded to proposals with funding partnerships. \$250,000 MHTAAR and \$250,000 locally generated match

Consumer Designed and Managed Projects— Capital — Provides capital funds to assist mental health consumers in setting up consumer run programs. \$131,300 MHTAAR

API Stop Gap Repairs — This is the Alaska Psychiatric Institute's (API) annual "stop gap" facility maintenance and repair request. Until the API replacement hospital is ready for occupancy stop-gap funds will be necessary to keep an increasingly aged facility running at a functional level. \$225,000 GF/MH

Micro Enterprise Funds — Provides funds to purchase start-up equipment and working capital for beneficiaries who want to be self employed; for service providers to establish small business that employ beneficiaries and for private enterprises interested in expanding their business in exchange for hiring beneficiaries. \$75,000 MHTAAR and \$75,000 GF/MH

Coordinated Resource Sharing for Mental Health Services Providers — This project provides funds to reengineer the way the state awards funds to providers and the way providers conduct business, including coordination and resource sharing, allowing them to focus on providing services for individuals and families. \$150,000 MHTAAR

Essential Program Equipment — The request will provide capital equipment grants through the competitive RFP process for agencies providing services, activities and programs for Mental Health Trust beneficiaries. \$250,000 MHTAAR and \$250,000 GF/MH

Housing and Van/Vehicle Modification Funds for People with Special Needs — Project provides funds for individuals with developmental disabilities and/or their families to make their housing or vehicles accessible. \$300,000 MHTAAR and \$300,000 GF/MH

Deferred Maintenance and Americans with Disabilities Act (ADA) - Improvement Grants to Service Providers and for Trust Beneficiaries — This program makes capital funds available on a competitive basis to Trust service provider agencies for deferred maintenance and accessibility improvements for program facilities. \$333,300 MHTAAR and \$666,700 GF/MH

Non-Residential Special Needs Housing — This program provides funding to develop special needs housing for Trust beneficiaries that cannot be funded under AHFC because of statutory limitations. \$150,000 MHTAAR and \$600,000 AHFC

DEPARTMENT OF REVENUE

Homeless Assistance Program — The Homeless Assistance Program (HAP) provides grants to assist non-profit organizations, local governments and regional housing authorities in addressing the emergency needs of homeless and near-homeless Alaskans. \$500,000 MHTAAR and \$500,000 AHFC

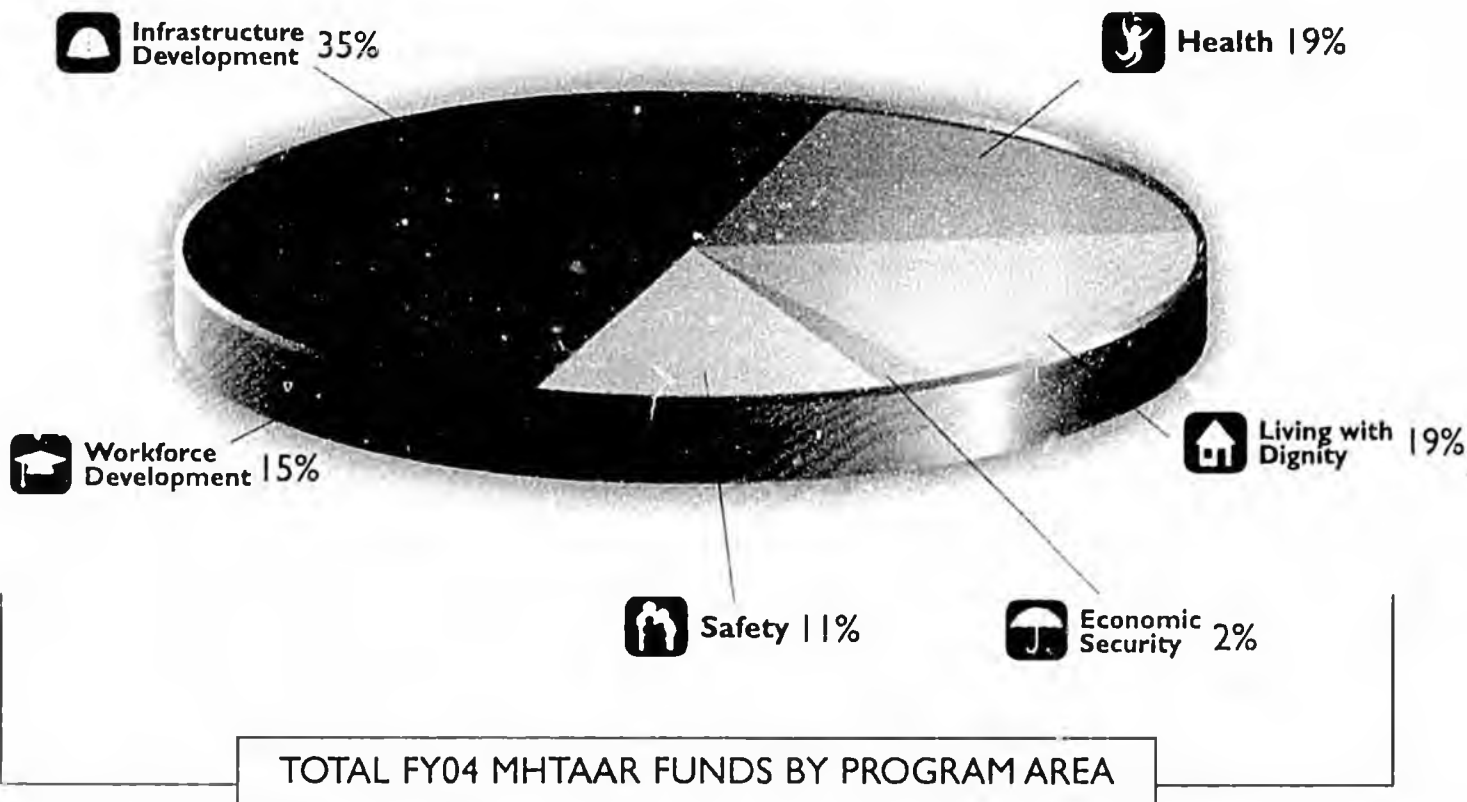
Beneficiary and Special Needs Housing Programs — The program provides funds to Alaskan non-profit service providers and housing developers to increase housing opportunities to Trust beneficiaries throughout Alaska. \$1,750,000 AHFC

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

Coordinated/Non-coordinated Transportation & Assessment - Capital — This is a three-part proposal. Part One would fund community assessments of mobility needs and resources and the development of local plans for improving mobility and community transportation services. Part Two would provide funding to local communities for coordinated community transportation services. Part Three would provide provider-owned vehicles in areas with no coordinated systems or where coordinated systems do not meet beneficiary needs. \$412,500 MHTAAR and \$412,500 GF/MH

Alcohol Tax - Bill Adjustment - Move to Mental Health Bill — This base adjustment earmarks the FY03 \$3.6 million allocation from the alcohol tax fund as GF/MH so that it will be included in the separate Mental Health Appropriation Bill.

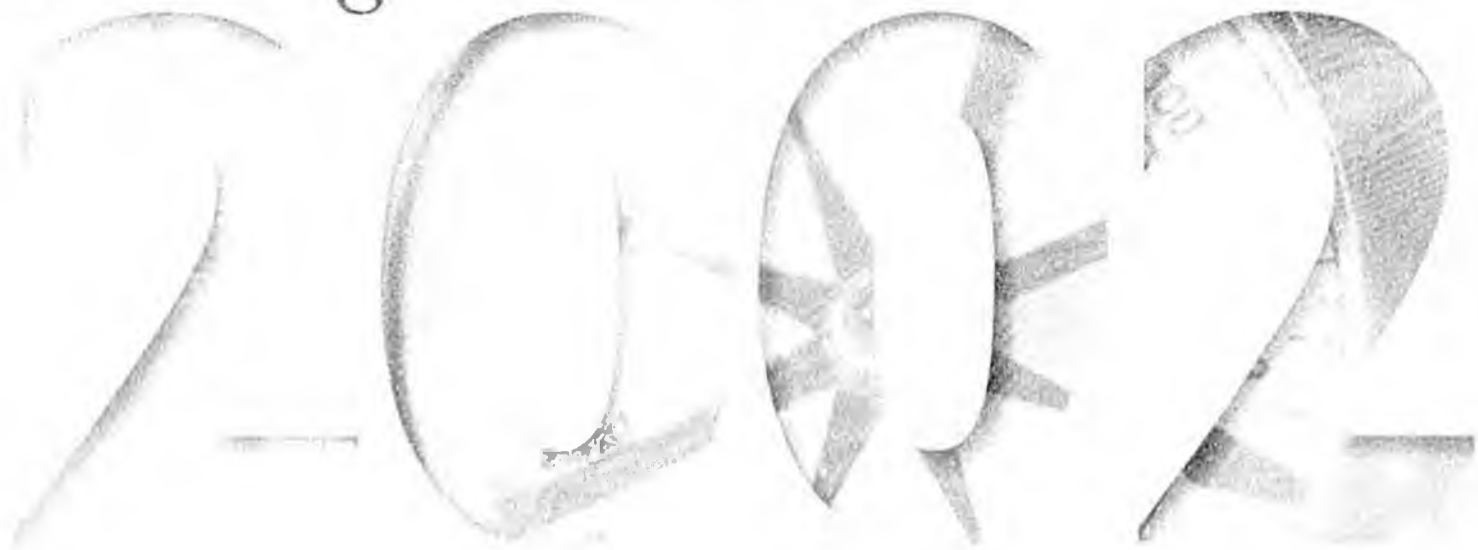
The Trust's FY04 budget recommendations include spending in six program areas as identified in "In Step", the state's Comprehensive Integrated Mental Health Plan. The plan provides policy direction for developing and promoting programs and services for Trust beneficiaries by fostering individual well being, personal safety, economic security and life with dignity for all Alaskans. This chart illustrates what percent of Trust income or Mental Health Trust Authority Authorized Receipts (MHTAAR) will be spent in each program area in FY04.



The TRUST
The Alaska Mental Health Trust Authority

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Charting Our Course



Annual Report

The **TRUST**

The Alaska Mental Health Trust Authority

The Alaska Mental Health Trust Authority

FY2002 ANNUAL REPORT

Message from the Chair

TRUST CONTINUES TO FOCUS ON RESULTS AND INCREASING THE ROLE OF BENEFICIARIES



It is with great pleasure that I am writing this letter as the chair of the Board of Trustees. I want to take this opportunity to thank my fellow Trustees, the Trust Authority Administrative Office and Trust Land Office staff, the members and staff of the Advisory Board on Alcohol and Drug Abuse, the Alaska Mental Health Board, the Alaska Commission on Aging, the Governor's Council on Disabilities and Special Education, and the many people both in the public and private sectors who, like us, serve the beneficiaries. We could not have enjoyed the success we have had without the true dedication and many hours of hard work of all those involved including the increasing role of the beneficiaries themselves.

This year's annual report has been designed to give you a quick review of our major accomplishments during the past fiscal year and our goals for the future. Our focus has been on our beneficiaries being healthy, safe, and able to live with dignity and with economic security. In addition, we continue to place emphasis on work force development and infrastructure development to meet the ever changing needs of our beneficiaries and Alaska's Comprehensive Mental Health Program.

The legislature's passage of the alcohol tax bill last year and the creation of the Alcohol and Drug Abuse Prevention and Treatment Fund with half of the proceeds present many new challenges and opportunities. Our top priority will be to see that the fund is used to focus on addressing the effects of alcohol and drug abuse on our child protection and criminal justice systems by ensuring the availability of "Reforming Mandated Treatment". Program development must be comprehensive, including infrastructure and work force development and be constantly monitored to ensure that concrete results are achieved.

The financial health of The Trust is good and we continue to maintain a level payout for our beneficiaries even during the bleak market results of the past two years. We have reviewed our payout system and have taken additional steps to ensure that we can continue to maintain a level payout in the future as we realize the importance of supporting programs over the long haul if we expect results.

The Trust Land Office has been very active this year in the management of both our lands and natural resources. We have taken a major step forward in our management philosophy in that we are now looking at enhancing our current holdings by the purchase of adjacent properties, subdividing existing assets and developing partnerships. The natural resource assets of The Trust will continue to be a significant and important part of funding the mental health program.

In closing, on behalf of all those involved, I would like to say thanks to Gov. Tony Knowles and his staff for their support these past eight years. We congratulate and welcome Gov. Frank Murkowski to office and look forward to working with him and his administration on behalf of all our beneficiaries.

A handwritten signature in cursive script that reads "Phil Younker Sr". The signature is written in dark ink and is positioned above the printed name and title.

Phil Younker, Sr.
Chair

FY2002: A Year in Review

TRUST ADVOCATED FOR ALCOHOL TAX, SUPPORTED "IN STEP" PLAN IN '02

Among The Trust's most significant accomplishments in FY2002 was passage of the statewide alcohol tax increase, proving that good things do come in small packages. The Trust and a coalition of partners advocated for the tax increase, citing alcohol and substance abuse and addiction as the most pervasive and costly social and health problem facing Alaska. While the tax added pennies – seven cents to be exact – to the cost of every alcoholic beverage sold in Alaska, the total is expected to reach at least \$15 million annually. Of that tax revenue, the legislature has agreed 50 percent will be used to evaluate the effectiveness of the state's existing alcohol treatment and prevention system and to fund additional programs.

The Trust, working with its advisory boards and other coalition partners, will present to the Legislature a comprehensive spending plan for the alcohol treatment and prevention fund for FY2004 that will focus on "Reforming Mandated Treatment" programs for individuals whose treatment was prescribed or demanded by the courts or other institutions. The alcohol treatment and prevention fund also will be used to create a framework of programs that address all areas of the prevention and treatment continuum so that everyone in need can receive some sort of assistance.

Throughout FY2002, The Trust focused its efforts on six program areas that were identified in "In Step," the state's Comprehensive Integrated Mental Health Plan. The plan provides policy direction for developing and promoting programs and services for Trust beneficiaries throughout Alaska by fostering individual well being, personal safety, economic security and life with dignity. The following programs are a few examples of how Trust funding and support were used to improve the lives and circumstances of Trust beneficiaries in each of the six program areas during FY2002.



Living with Dignity

Rural Funders Housing Tour – Historically, many national charitable foundations have not funded projects in Alaska because they were unfamiliar with the issues and the needs facing local non-profit organizations. Working with the Rasmuson Foundation, The Trust participated in a familiarization tour developed to introduce several

funding organizations to housing issues in rural Alaska. Participants included staff from such groups as the Robert Wood Johnson Foundation, the Murdock Foundation and the Annie E. Casey Foundation. For many who attended, this was their first opportunity to see the substandard housing being used and to understand the great need that exists for assistance.

Safe Harbor Inn – The Trust helped fund purchase of a 22-room hotel in Anchorage that provides safe, affordable, temporary lodging for homeless families and persons with mental and physical disabilities who are looking for work. Guests must be referred by a partner agency and receiving services from that agency in order to qualify. Since opening in November 2001, Safe Harbor has remained full and its waiting list continues to grow. Approximately 25 percent of the guests are believed to be Trust beneficiaries and 66 percent of guests have subsequently found permanent housing. The Trust also supported the program with operating funds, but expects Safe Harbor to be self-supporting by 2005 through room charges and community donations.



Health

Suicide Prevention Council – Senator Rick Halford approached The Trust to partner with the Department of Health and Social Services to create statewide Suicide Prevention Council. The group's primary tasks are to identify ways the state can reduce suicides in Alaska, to increase awareness that suicide is preventable and to reduce the stigma associated with seeking help.

AFN Wellness Summit – In support of the Alaska Federation of Natives' (AFN) efforts to provide leadership in the wellness movement, The Trust co-sponsored a statewide wellness summit in April 2002. About 500 Alaska Natives gathered in Anchorage to discuss how to bring about a cultural shift toward wellness and to promote wellness and healing in Native communities. Presentations included program models that are working to combat self-destructive behavior among Native peoples, especially in the areas of alcohol and substance abuse. These programs will be shared with Native communities as possible best practices to replicate.

Single Point of Entry – Providence Alaska Medical



Safety

Center opened a specialized emergency room in July that offers three interlocking mental health services: a crisis telephone hotline, mobile outreach team and a psychiatric emergency room for observation and diagnostic review of anyone in psychiatric crisis. Known as

the Single Point of Entry or SPE, the facility is the access point for the new emergency mental health system being developed for Anchorage. The project involves replacing and downsizing Alaska Psychiatric Institute and building a system of services in the community. The SPE at Providence serves as a psychiatric emergency room and serves individuals, their families and law enforcement personnel providing assessment and access to the most appropriate, least restrictive and clinically appropriate crisis treatment.

Mental Health Court – The Court Coordinated Resource Project and the Jail Alternative Services (JAS) Program (for those already in custody) combine to form the Mental Health Court in the Anchorage District Court System. One of only three such courts in the U.S., the Anchorage Mental Health Court involves intensive case management and court supervision for non-violent Trust beneficiaries convicted of misdemeanors. The court is a voluntary “therapeutic” or “problem-solving” court that focuses on treatment and rehabilitation and seeks alternatives to incarceration. The program is sponsored by the Alaska Mental Health Board and funded by The Trust. The court is presided over by Judge Stephanie Rhoades.



Economic Security

Micro Enterprise Funds — Self-employed people own 68 percent of all businesses in Alaska. However, individuals with disabilities are seldom among that group. To combat that problem, from FY99 through FY01 The Trust funded the Economic Development Alliance to train and support individuals with disabilities who want to own their own businesses. In FY02, The Trust provided funds to purchase start-up equipment and working capital for beneficiaries who want to become self employed, for service providers to establish small businesses that employ beneficiaries and for private enterprises interested in expanding their businesses in exchange for hiring beneficiaries.

Small projects – Three times each year The Trust awards grants for new and innovative small projects. The funding is for one-time grants of less than \$10,000 for projects that are of direct benefit to Trust beneficiaries and are outside of the normal state funding. These projects are selected at the discretion of the Executive Director of the Trust Authority. Half of the funds are targeted for rural issues. Projects funded during FY02 included a program to empower teens to resist substance abuse, a project to purchase and train two dogs and their handlers to work with patients in a dementia care facility, and a grief/healing conference to assist village residents in overcoming grief after the death of a village council member.



Workforce Development

Full Lives Conference – As part of the annual small projects grants, The Trust contributed \$10,000 to provide travel and registration stipends to the Full Lives Conference held in April for direct support professionals, para-educators and those they support. The conference, the first of its kind in Alaska, drew 420 participants to Anchorage and kindled considerable interest in training and development for this segment of the work force.

Distance Delivery MSW – The Trust provided the University of Alaska Anchorage with \$50,000 to match \$70,000 allocated by the University of Alaska President Mark Hamilton for a distance delivered Master's of Social Work degree. Curriculum is being developed and the first classes are expected to commence in the 2003-2004 academic year.



Infrastructure Development

Community Mental Health Center – The Trust contributed \$30,000 to Fairbanks Community Mental Health Center, Inc. to help the organization develop a preliminary plan and purchase an option on land on which to build a mental health facility. The seed money helped the organization demonstrate to potential funders the feasibility and sustainability of the project. As a result, the project is scheduled for completion in 2004, offering a variety of mental health services in the Fairbanks area.

API Land Issues Completed – One of the major steps necessary to initiate the replacement of the aging Alaska Psychiatric Institute (API) was finding a home for the proposed new building. In a land arrangement coordinated by The Trust and the Trust Land Office, 16 acres adjacent to the existing API and the Crisis Treatment Center were transferred to the state for construction of the new API and a larger crisis center. The land transfer also included land to allow for future expansion of McLaughlin Youth Center. In addition, a few acres were sold to nearby Providence Alaska Medical Center. Providence is expected to swap the land with the University of Alaska Anchorage, thus allowing both organizations to expand and enhance their operations.

Rural Health Clinics – In rural communities throughout the state, public health services focus on primary care with little or no behavioral health assistance available. In the majority of cases, the reasons are financial rather than lack of interest in providing behavioral health services. Working in collaboration with the Denali Commission, The Trust was able to get space for behavior health included in the funding formula for federally financed health clinics.

2002 Financial Report

2002 MARKET DOWNTURN IMPACTS TRUST INCOME

Assets of The Trust are made up of the corpus of the Trust Fund, which includes financial and natural resource assets. The financial component of the Trust Fund is managed by the Alaska Permanent Fund Corporation (APFC) on behalf of The Trust, as required by law. The Trust Land Office, a special unit within the Department of Natural Resources, manages The Trust's natural resource assets, as also required by law. The Treasury Division of the Department of Revenue manages the financial holdings from the mental health budget distribution (payout), current revenue generated from Trust Land and the interest generated from these holdings. The Trust Authority Financial Officer routinely coordinates with the APFC, Treasury Division and Trust Land Office on financial management matters and provides reports to the Asset Management Committee and the Board of Trustees. The Trust Land Office routinely coordinates with the Trust Authority staff, Asset Management Committee and the Board of Trustees on natural resource management and development matters.

Key Financial Outcomes of the Trust

The assets of The Trust consist of revenue generated from the financial component as well as the natural resources assets. The cash assets consist of the original settlement, inflation proofing, interest and revenues generated from our natural resources. The cash is maintained at the Alaska Permanent Fund Corporation and the Treasury

Division of the Department of Revenue in several accounts. These accounts are the Principal, Principal Reserve and Income account. The Principal consists of the original settlement, inflation proofing and allocated revenues from natural resources. The Principal Reserve consists of 400 percent of the prior fiscal year's disbursement (payout) and is to provide a steady stream of funding during downturns in investment markets. Currently, the Principal Reserve is at approximately 200 percent due to the market value fluctuations for the past two years. The Income account holds the disbursement (payout) amount for the current mental health budget and any current allocated revenues generated from natural resources and the current interest on the funds held in this account.

In FY2002, the financial holdings at the APFC experienced a 2.2 percent loss, which resulted in a reduction to the disbursement (payout) for the mental health budget in FY2003. The interest from the financial holdings at Treasury was also down by 17 percent. The disbursement or payout rate remained at 3.5 percent for FY2002 which is used to determine the disbursement or payout for the mental health budget. This rate is applied to the amount of the Trust Fund (Principal and Principal Reserve) plus 100 percent of the revenues allocated as income from natural resources, the interest on the financial holdings at the Treasury Division, and any lapsed funding from prior year projects.

The following performance for FY2002 is available for funding the FY2003 mental health budget:

- The disbursement (payout) rate remained at 3.5 percent for a payout of \$10,481,800.
- The natural resources revenue allocated as income increased by 19 percent over the prior fiscal year to \$2,520,102.

Amount of Trust Fund at APFC* (at end of FY2002)



■ Settlement	66.0%	\$200,000,000
■ Inflation	12.3%	\$37,213,519
■ Land	6.1%	\$18,333,530
■ Reserves	12.2%	\$36,938,077
■ Payout	3.5%	\$10,481,800

*Alaska Permanent Fund Corporation

Trust Program Area Expenditures



Workforce Development	7%	\$792,722
Infrastructure	33%	\$4,051,389
Economic Security	5%	\$575,884
Living with Dignity	11%	\$1,355,082
Safety	11%	\$1,343,444
Health	33%	\$3,927,554

- The interest on the Income Account at Treasury Division decreased by 17 percent to \$1,254,307.
- The amount of lapsed funds from prior fiscal years was also reduced by 12.8 percent to \$3,263,588.
- The total funding available for the mental health trust budget in FY2003 is \$17,519,798 a decrease of 4.2 percent over FY2002.

In FY2002, the Trustees established policy to spend Principal generated from the allocated natural resources in acquiring and developing Trust Land holdings. Even though the completed final purchase of the WGM Property did not take place until the beginning of FY2003, the funds to make this purchase in the amount of \$1,010,800 were allocated from FY2002 natural resources revenues.

As the investment markets continue to decline, the Trustees are taking steps to protect the financial assets from major losses and are developing policy to maintain half the principal reserve at the Treasury Division in an intermediate-term fixed income investment pool for stability. This will help to preserve the purchasing power of the financial assets for future generations.

Key Outcomes of the Trust Land Office

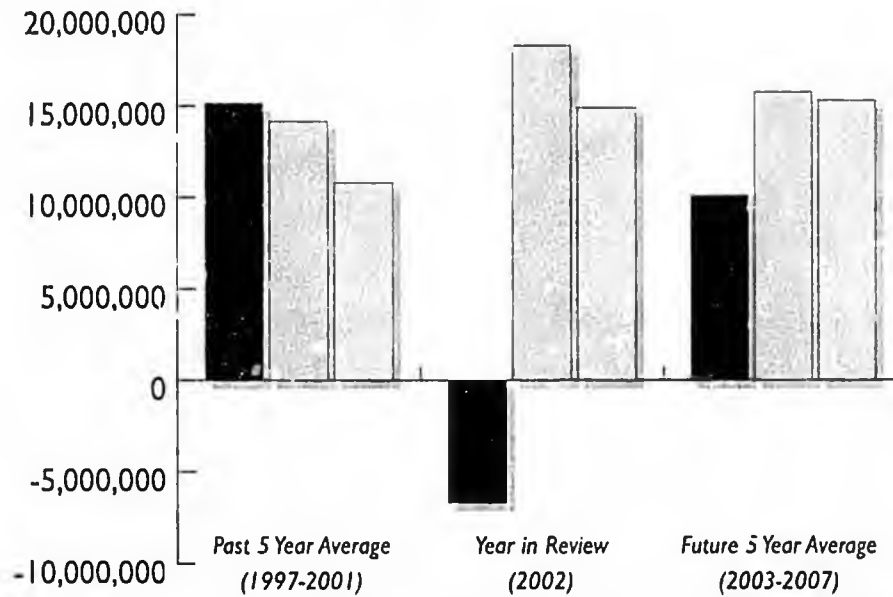
The TLO exceeded its FY2002 gross revenue goal by about 59 percent, with final revenues equaling about \$7,723,000, including \$2.5 million in distributable

income. Core and supplemental operating costs for the year equaled about \$1.3 million, or about 17 percent of gross revenues. Other highlights included:

- Timber harvest revenues accounted for over 55 percent of gross revenues (about \$4.5 million), with sales at Icy Bay (Yakutat), Thorne Bay (Prince of Wales Island) and Katlian Bay (Sitka).
- Successful efforts were made to increase revenues from other resource categories, including significant increases in oil and gas lease acreage (50,000 acres in FY2002) and the initiation of new subdivisions to contribute to the TLO's highly successful annual land sales.
- The TLO also continued to work on projects that served the best interest of the Trust, while at the same time providing significant benefits to Alaska communities, with examples including the Four Dam Pool easement sale in Southeast Alaska, redevelopment planning on the Juneau waterfront and new business opportunities at the Fort Knox Gold Mine in Fairbanks.
- Finally, the memorandum of understanding between the Trust Authority and DNR was revised to reflect the evolving relationship between the entities.

An expanded TLO 2002 annual report is provided in The Trust's winter issue of its newsletter, *Trustworthy*.

Trust Fund Performance



	Past 5 Year Average (1997-2001)	Year in Review (2002)	Future 5 Year Average (2003-2007)
■ Trust Fund Performance	\$15,143,256	-\$6,642,200	\$10,092,220
□ Trust Income Available	\$14,150,180	\$18,290,700	\$15,746,860
□ Trust Funded Projects	\$10,794,360	\$14,888,400	\$15,279,340

Note: Trust Fund Performance includes market value gains/losses to the Trust Fund at APFC and includes Land Revenues allocated to the Principal.

Trust Income Available includes the amount allocated for the payout or distribution for the Trust funded projects, Land Revenues allocated as Income, Interest Earned and Lapsed Funds.

Trust Funded Projects includes the mental health budget approved by the legislature or projected for future years.

The Board of Trustees



(L-R) Back: Susan LaBelle, Secretary/Treasurer; Nelson G. Page, Budget Committee Chair; Tom Hawkins, Asset Management Committee Chair; (L-R) Front: John Pugh, Chair of In Step Plan Committee; Caren Robinson, Vice Chair; Phil A. Younker Sr., Chair; John Malone, Program and Planning Committee Chair

PAGE

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The Alaska Mental Health Trust Authority

FY2002 ANNUAL REPORT

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The TRUST

The Alaska Mental Health Trust Authority

Trustees' Mission and Purpose

The Alaska Mental Health Trust Authority is overseen by a seven-member Board of Trustees. The Trustees are appointed by the Governor for five-year terms and their appointments are confirmed by the Legislature. Trustees whose terms expire continue to serve until re-appointed and reconfirmed by the Legislature.

The Trust Authority administers the Mental Health Trust established in perpetuity. The Trustees have a fiduciary responsibility to the beneficiaries to enhance and protect The Trust and to provide leadership in advocacy, planning, implementing and funding of a comprehensive integrated mental health program to improve the lives and circumstances of the beneficiaries.

Trust beneficiaries are Alaskans who experience:

- mental illness;
- mental retardation or disabilities;
- chronic alcoholism with psychosis; or
- Alzheimer's disease or related dementia.

*Alaska Mental Health Trust Authority
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Anchorage, Alaska 99501
Phone: (907) 269-7960
Fax: (907) 269-7966
Web site: <http://www.mhtrust.org>*

Trust Committees

Asset Management Committee

Tom Hawkins, Committee Chair
John Malone
Phil Younker, Sr.
Caren Robinson, Ex-officio
Leann McGinnis, Staff

Budget Committee

Nelson Page, Committee Chair
Tom Hawkins
Susan LaBelle
John Pugh
Phil Younker, Sr.
Caren Robinson, Ex-officio
Bill Herman, Staff

Comprehensive Integrated Mental Health Plan

John Pugh, Committee Chair
Mary Elizabeth Rider, Staff

Program and Planning Committee

John Malone, Committee Chair
Susan LaBelle
Nelson Page
John Pugh
Phil Younker, Sr.
Caren Robinson, Ex-officio
Mary Elizabeth Rider, Staff

Rural Outreach Ad Hoc Committee

Susan LaBelle, Committee Chair
John Malone
Nelson Page
Caren Robinson, Ex-officio
Bill Herman, Staff



Trustees

of the
Alaska
Mental Health
Trust Authority

*A Catalyst for Change and
Improvement
of Alaska's
Mental Health Services*

Caren Robinson, Chair — A business owner, former assembly member and former legislator from Juneau, Caren has extensive experience in domestic violence and sexual assault, including investigation, interviewing, assessment and treatment of sex offenders, child abusers, batterers and their victims. She was founder and director of AWARE, a Juneau women's shelter program, and helped create the Alaska Network on Domestic Violence and Sexual Assault. While in state government, Caren was chosen as a Fleming Fellow for her outstanding work as a new legislator. *Term expires March 2005*



John Pugh, Vice Chair and Comp Plan — John is Chancellor of the University of Alaska Southeast in Juneau. He is a former Commissioner of the State Department of Health & Social Services and Director of the Division of Family and Youth Services. John has served on the Salvation Army Board in Juneau since 1988 and also serves on various boards and commissions related to higher education in Alaska and the Northwest. *Term expires March 2006*



Phil A. Younker, Sr. — Phil is a certified financial planner and licensed insurance and securities agent. He is president of Phil Younker & Associates, Ltd., a Fairbanks-based financial planning company. A graduate of the University of Alaska Fairbanks with a B.A. in education, Phil's experience



includes teaching elementary school, working as a commercial fisherman, and serving 11 years on the Fairbanks North Star Borough Assembly. *Term expires May 2005*

Tom Hawkins, Secretary/Treasurer and Asset Management Committee Chair — Tom is Chief Operating Officer for Bristol Bay Native Corporation, an ANCSA regional corporation in western Alaska with 5,600 shareholders, \$80 million in assets and 3 million acres of land. He is a former Deputy Commissioner of the State Department of Natural Resources, Director of State Division of Lands, and General Manager for Choggiung Limited in Dillingham. Tom is a member of the Alaska Wilderness Recreation and Tourism Association board, the Alaska Land Managers Forum and the Bureau of Land Management's statewide Resource Advisory Council. *Term expires March 2004*



Susan LaBelle, Rural Outreach Ad Hoc Committee Chair — Susan is the Director of Community and Social Services Division of Chugachmiut. She holds a masters degree in social work from the University of Alaska Anchorage and has more than 20 years experience in the social service field. Susan is Past President of the National Association of Social Workers, Alaska Chapter. Her experience includes working on rural and urban issues affecting various consumer groups. *Term expires March 2004*



John Malone, Program and Planning Committee Chair — John is the Land Use and Planning Administrator for the City of Bethel. He has had extensive experience in the mental health community in Alaska, having served as a member of the Alaska Mental Health Board for five years and as State President of the Alaska Alliance for the Mentally Ill for four years. John was Chair of the Federal Region X State Presidents Council of the National Alliance for the Mentally Ill and Co-Chaired the Mental Health Quality Improvement Task Force. He is a former Executive Director of Bethel Community Services. *Term expires March 2002*



Nelson G. Page, Budget Committee Chair — Nelson is a shareholder in the Anchorage law firm of Burr, Pease and Kurtz, where he has practiced law for 22 years. He is a member of the Alaska Bar Association Ethics Committee, and a past member of the bar association's Board of Bar Examiners, area discipline committee and the Supreme Court's standing Committee on Civil Rules. His past community service includes four years on the Alaska Mental Health Board, membership on the Anchorage Transportation Commission, and membership on the Board of Directors of the Suicide Prevention and Crisis Intervention Center. Nelson is a graduate of Portland State University and the Georgetown University Law Center. *Term expires March 2003*



The First Six Years

THE TRUST EVOLVES AS A DRIVING FORCE IN THE MENTAL HEALTH COMMUNITY

Prior to statehood, the federal government gave the State of Alaska one million acres of land to manage, as a public trust for the benefit of mental health programs in Alaska. However, through the years some of the land was transferred out of state control. In 1982, the *Weiss v. State* lawsuit was filed to regain control of the assets on behalf of beneficiaries. In 1985, the Alaska Supreme Court ordered The Trust restored. The lawsuit was settled in December 1984 and The Trust was recreated with 500,000 acres that

remained of the original Trust land, 500,000 acres of replacement land, and \$200 million in cash.

Following is an overview of the ensuing years as the Trustees began to develop policies to manage the Trust's assets and disburse income in new and innovative ways to benefit those Alaskans who experience mental illness, mental retardation or similar disabilities, chronic alcoholism with psychosis, or Alzheimer's disease or related dementia.

1995

- Seven founding Trustees appointed by Gov. Tony Knowles and confirmed by the Alaska Legislature: Kay Burrows, Tom Hawkins, John Malone, Nelson Page, John Pugh, Evelyn Tucker, and Phil Younker, Jr. Four founding Board of Trustees are still serving today.
- Established the Trust office and hired key staff.
- The Trust Land Office (TLO) established within the Department of Natural Resources (DNR) through a Memorandum of Understanding and Reimbursable Services Agreement.
- A Memorandum of Agreement established with the Alaska Permanent Fund Corporation (APFC) and the \$200 million Trust Fund was transferred.
- Earned \$6.7 million in interest on the original settlement and the first revenues generated from Trust land, totaling \$380,000.
- Developed the Investment Policy Statement and inflation-proofed the Trust Fund.
- Established the cooperative planning process with the Department of Health and Social Services (DHSS) to begin creation of the Comprehensive Integrated Mental Health plan.

- Proposed the first funding from Trust income for the FY97 operating and capital budget submittal to the Governor and Legislature.
- The Trust Fund received a total rate of return of 14.51 percent for approximately 6 months after transferring the original settlement to the APFC to manage.

1996

- Established The Trust's mission and vision.
- Adopted the Investment Policy Statement to guide The Trust's cash asset management activities.
- Adopted an annual payout rate of 3 percent of the Trust Fund for funding programs in the Comprehensive Integrated Mental Health Program.
- Generated \$1.4 million in revenues from Trust land.
- Provided leadership in developing the state's Comprehensive Integrated Mental Health Program through adoption of guiding principles, funding strategies, and collaboration.
- Recommended funding for the state's FY97 Comprehensive Integrated Mental Health Program and successfully negotiated a

\$2.1 million increase to the base in General Fund/Mental Health funds and \$1.7 million in Alaska Housing Finance Corporation (AHFC) Corporate Receipts.

- Committed \$8 million in Trust income for FY97 to support the state's Comprehensive Integrated Mental Health Program.
- Funded a three-year plan to assist the state in phasing out Harborview Development Center and placing residents in the community of their choice.
- The total rate of return on the Trust Fund at APFC was 13.43 percent.
- Conducted the first timber sale, selling 5 million board feet for about \$1 million at Icy Bay.
- Began selling subdivision lots throughout the state, with 25 lots offered.
- Initiated a minerals program, licensing about 20,000 acres of Trust Land for mineral exploration.

1997

- Assisted in closure of the Harborview Developmental Center and reallocated \$1 million in resources from the Center to community-based services.
- Began the due diligence process to downsize Alaska Psychiatric Institute (API) and the need to replace the old building.
- Initiated and developed results-based budgeting for the Comprehensive Integrated Mental Health Programs.
- Developed and established the first emergency funding process.
- Initiated and developed the Small Projects Grants funding process to be independently administered by The Trust and provide funding for small and innovative projects that benefit Trust beneficiaries.
- Began to leverage Trust income to develop coordinated transportation and special needs housing for Trust beneficiaries.
- Assisted with the development of the Quality Assurance Task Force.
- Trust's Land Management Regulations became effective.
- Recommended funding for the state's FY98 Comprehensive Integrated Mental Health Program and successfully negotiated a \$500,000 increase to the base in General Fund/Mental Health

funds and \$2.2 million in AHFC Corporate Receipts.

- Committed \$10.4 million in Trust income for FY98 to support the state's Comprehensive Integrated Mental Health Program in the Mental Health Budget Bill.
- Generated \$2 million in revenues from Trust land, a 36 percent increase.
- The total rate of return on the Trust Fund at APFC was 17.07 percent.
- Received title to about 4,700 parcels of land totaling about 1 million acres.
- Offered 70,000 Cook Inlet Basin acres as part of DNR lease offering for oil and gas exploration and development.
- Issued "transition" leases to Department of Administration for existing state uses of Trust's valuable waterfront land in Juneau, increasing Trust's lease revenue from about \$200,000 to \$550,000.
- Sold 50 million board feet of timber at Icy Bay under a multi-year contract with a contract value of about \$8 million to The Trust.

1998

- Assisted with the development of the first Women's Substance Abuse Treatment Program for women in Alaska's prisons.
- Committed \$3 million in Trust income to resolve the replacement of the aging API facility.
- Implemented statewide beneficiary survey to find out who the beneficiaries are and the quality of their lives.
- Provided emergency funding for the Arc of Anchorage.
- Developed and sponsored the collaborative meeting of the 4 advisory boards on policy and funding issues.
- Recommended funding for the state's FY99 Comprehensive Integrated Mental Health Program and successfully negotiated the implementation of \$2.9 million increase to the base in General Fund/Mental Health funds.
- Committed \$11.2 million in Trust income for FY99 to support the state's Comprehensive Integrated Mental Health Program in the Mental Health Budget Bill.
- Generated \$2.5 million from Trust land.

5-YEAR TIMELINE — 1996-2000



1996



1997



- Increased the annual payout rate from 3 percent to 3.25 percent of the Trust Fund to fund programs in the Comprehensive Integrated Mental Health Program.
- Total rate of return on the Trust Fund at APFC was 16.35 percent.
- Executed a land exchange with the Kenai Peninsula Borough to provide a site for NASA's Challenger Learning Center to be built. The Trust received equal value Kenai river front lands adjacent to river front parcels it already owned.
- Negotiated a \$900,000 land exchange with the City and Borough of Juneau, setting the stage for redevelopment of The Trust's valuable waterfront lands in Juneau.

1999

- Completed the Comprehensive Integrated Mental Health Plan to measure how Trust beneficiaries are doing in the "life domains" identified in the plan.
- Completed the statewide survey of beneficiaries' needs.
- Supported and funded the expansion of the state's assisted living program.
- Partnered with AHFC to develop the special-needs housing program.
- Supported and funded the development of the long-term instrument for gathering and reporting beneficiary information through the DHSS Data Warehouse.
- Identified the need for rural services and created a system of collaboration with regional health corporations and links that increase and assure the most appropriate service access practicable at the community level.
- Sponsored the first Rural Outreach Trip in which approximately 25 individuals from various statewide programs responsible for making policy decisions that affect Trust beneficiaries visited the Bethel area and neighboring villages.
- Recommended funding for the state's FY00 Comprehensive Integrated Mental Health Program and successfully negotiated a \$1.7 million increase to the base in General Fund/Mental Health funds.
- Committed \$11.8 million in Trust income for FY00 to support the state's Comprehensive Integrated Mental Health Program in the

Mental Health Budget Bill.

- Generated \$3.5 million from Trust Land, a 40 percent increase.
- Increased the annual payout rate from 3.25 percent to 3.5 percent of The Trust Fund for funding programs in the Comprehensive Integrated Mental Health Program.
- The total rate of return on the Trust Fund at APFC was 9.49 percent
- Initiated the Trust's Community Enhancement Initiative (CEI) to find buyers for Trust Lands that have significant conservation values, such as the scenic backdrop to Sitka, the waterfront of Gustavus and the scenic and environmentally significant Petersburg Creek watershed.
- Initiated The Trust's "good neighbor" agreement program, whereby the TLO and certain communities formally agreed to work towards shared land development and land management goals.
- Held the TLO's first lot sale, offering 39 parcels for sale, with a cumulative value of \$700,000.
- Completed an asset management plan for Trust land in the Kachemak Bay area, setting the stage for selling leased Trust Lands to the lessees.
- Converted the Fort Knox mill site lease to a regional mill site lease, thereby allowing off-site ores to be processed at the mill. Rents increased from \$30,000 to \$150,000 per year.
- Reacquired scattered correction parcels worth \$600,000 along with 5,400 acres of subsurface estate in the Cook Inlet Basin area and 1,280 acres of coal estate in Interior Alaska.
- Began efforts to rezone and develop valuable Anchorage hillside real estate. TLO commenced cooperative efforts with state and federal agencies, the City and Borough of Juneau, Gold Belt Native Corporation and private landowners to plan for the redevelopment of valuable waterfront lands

2000

- Awarded the first Mental Health Trust Mover Awards to recognize individuals and organizations that have helped improve the lives of Trust beneficiaries.
- Launched the Partnership Initiative for Trust funding.



The TRUST

The Alaska Mental Health

- Sponsored the rural initiative for the four advisory boards to develop and identify the needs of rural beneficiaries.
- Focused the second Rural Outreach trip to the Fort Yukon area on rural issues and partnering.
- Partnered with seven different funding groups to leverage \$2.9 million in Trust income, making \$11.5 million available for programs to benefit Trust beneficiaries.
- Initiated the Telepsychiatry into the overall telemedicine project with other partners.
- Recommended funding for the state's FY01 Comprehensive Integrated Mental Health Program and successfully negotiated a \$1.2 million increase to the base in General Fund/Mental Health funds.
- Committed \$17.9 million in Trust income for FY01 to support the state's Comprehensive Integrated Mental Health Program in the Mental Health Budget Bill.
- Generated \$3.6 million from Trust land.
- The total rate of return on the Trust Fund at APFC was 9.18 percent.
- Negotiated the first placer gold lease on Trust Lands, requiring a percentage of gross royalty, rather than the percentage of net income royalty required on general State lands.
- Renegotiated the Icy Bay timber sale contract to add 40 million board feet to the sale and to address declining timber values.
- Completed the first CEI transaction, selling 160 acres of prime brown bear habitat on the Kenai Peninsula to the Nature Conservancy.
- Completed the first TLO competitive mineral lease offering, leasing 20,000 acres for mineral exploration in the Salcha area southeast of Fairbanks.
- Assisted Ionia, Inc. in its effort to protect its operation from encroaching land uses.

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The Alaska Mental Health
Trust Authority
The TRUST

REFORMING MANDATED TREATMENT

(The Alcohol Fund Package)

Court Mandated Treatment to Support a Safer Alaska

What Alaskans Say

"The best way to fight the vast majority of violent crime in Alaska is to do a better job treating and then preventing alcohol abuse."

- Tom Clemons, president,
Association of Alaska Chiefs of
Police

"If Alaska can deal with its drinking problem, it will be safer, the workforce will be stable and it will be a more attractive place for businesses to invest and grow."

-Rick Solie, Fairbanks
NorthStar Borough Assembly
member, ConocoPhillips
Alaska Inc.

"The best child protection plan is treating and preventing alcohol abuse. When families are healthy, children are safe."

-Cynthia Bender, President,
Alaska Native Health Board

For details about Reforming
Mandated Treatment, contact
Jeff Jessee, Alaska Mental Health
Trust Authority, 269-7960

A \$15.5 Million Investment in Alaska's Future: When lawmakers approved the Dime-A-Drink alcohol tax increase in 2002, they committed half the annual anticipated revenue – or about \$15.5 million – to treating and preventing the abuse of alcohol and other drugs. **Reforming Mandated Treatment** prioritizes developing new treatment capacity for those with a legal mandate to get treatment. **Reforming Mandated Treatment** is a comprehensive initiative to use this fund to fight crime, save lives and make Alaska a better place for children, families and businesses.

A Smart Solution to Alaska's No. 1 Problem: By approving **Reforming Mandated Treatment**, lawmakers can help Alaska's law enforcement, social service, substance abuse and mental health professionals address the immense social and economic impacts of alcohol in Alaska. There's no doubt the problem is enormous. A study done for the Advisory Board on Alcoholism and Drug Abuse says substance abuse, the vast majority from alcohol, cost Alaska's economy \$614 million in 1999. To make matters worse, when Alaskans are diagnosed or arrested with alcohol problems, there is not enough treatment capacity – so they go untreated and endanger us all. This must change.

A Three-Point Plan to Tackle Alcohol Abuse: The **Reforming Mandated Treatment** approach divides \$15.5 million from the 10-cent per drink alcohol tax into three primary categories: treatment, intervention and prevention. **Treatment** focuses on parents at risk of abusing or neglecting children, criminals who have served time and are ready to re-enter the community, and improved services in rural Alaska. **Intervention** includes enhanced detox facilities and therapeutic courts to strongly and effectively address substance abuse problems. **Prevention** focuses on tougher enforcement of underage drinking laws and programs to discourage youth substance abuse.

REFORMING MANDATED TREATMENT

(The Alcohol Fund Package)

A Comprehensive Plan to Address Substance Abuse, Mental Health Needs

A Longtime Problem – Alcohol Abuse Takes a Staggering Toll in Alaska

- Alaska leads the nation in alcohol abuse – Alaska's rate of alcohol dependence and alcohol abuse is nearly 14 percent, compared to about 7 percent nationally. (Alaska Judicial Council, *Recommendations of the Alaska Criminal Justice Council*, Draft November 2002)

- Most crime is alcohol-related – 79 percent of Alaska's newly incarcerated inmates were actively abusing or dependent on a substance in the year before their incarceration. (State of Alaska, Department of Health and Social Services, Division of Alcoholism and Drug Abuse, *Substance Abuse Treatment Needs of Alaska's Newly Incarcerated Prisoner Population Prior to Incarceration*, 2001)

- Alcohol endangers children – 81 percent of all reports of harm against Alaskan children involve substance abuse. Children in alcohol-abusing families were nearly 4 times more likely to be maltreated, almost 5 times more likely to be physically neglected and 10 times more likely to be neglected than children in families with no alcohol problems. (Alaska Judicial Council, *Final Report of the Alaska Criminal Justice Assessment Commission*, May 2000)

- Alcohol treatment is often unavailable - A 2002 report completed for the State of Alaska and the federal Center for Substance Abuse Treatment estimates that, during 2000, just over 6,000 people in Alaska received substance abuse treatment – but almost 39,000 Alaskans actually needed treatment. (State of Alaska, Department of Health and Social Services, Division of Alcoholism and Drug Abuse and the Center for Substance Abuse Treatment, *An Integrated Substance Abuse Treatment Needs Assessment for Alaska*, January 2002)

Treatment Will Work

Nationally, the re-arrest rate without treatment is nearly 1 of every 2 offenders. By comparison, several states report much lower recidivism among criminals receiving alcohol and drug treatment. For example, re-arrests decreased 90 percent in Ohio and Minnesota and 87 percent in Hawaii.

- *Center for Substance Abuse and Treatment, U.S. Dept. of Health and Human Services, Jan. 1999*

Now, a Solution – Highlights of the Reforming Mandated Treatment Proposal

- \$15.5 million annually to fight back – Half the annual projected revenue from Alaska's newly increased alcohol tax will build a comprehensive initiative through the Alcohol and Drug Treatment and Prevention Fund set up by lawmakers.

Treatment Saves Dollars

The Alaska Department of Corrections estimates that incarcerating an individual for one year costs the state \$40,840. By comparison, the Anchorage Felony Drug Court – which requires treatment for offenders – is estimated to cost just \$16,950 per year per participant.

- Reforming Mandated Treatment tackles crime - \$2.55 million would go to programs and therapeutic courts to make sure adult criminals face consequences and get alcohol treatment before being released. \$2.33 million would fund enforcement, treatment and prevention efforts to stop teen drinkers before they become lifelong abusers.
- Reforming Mandated Treatment protects kids - \$1.72 million would expand alcohol and drug treatment for parents in trouble for child abuse and neglect, and for rural mothers with drinking and drug problems.
- Reforming Mandated Treatment builds capacity - \$2.75 million would cover needed infrastructure, from public inebriate services in Fairbanks to transitional housing for high-risk addicts undergoing treatment. \$1.1 million

would train new counselors and clinicians and provide research and evaluation to make sure treatment is efficient and effective.

REFORMING MANDATED TREATMENT IN ALASKA (The Alcohol Fund Package)

Questions and Answers

Q. What is "Reforming Mandated Treatment"?

A. A comprehensive initiative to improve treatment, intervention and prevention programs to fight back against Alaska's No. 1 health problem – the abuse of alcohol and other drugs. This is done by prioritizing the development of new treatment capacity which targets those with a legal or other mandate for treatment and a high motivation to get it. This is especially important in light of the great economic costs associated with this problem. A study completed last year for the state Advisory Board on Alcoholism and Drug Abuse says substance abuse, the vast majority of which involves alcohol, cost Alaska's economy \$614 million in 1999 from lost worker productivity and increased need for law enforcement, incarceration and social services.

Q. How much does "Reforming Mandated Treatment" cost?

A. That's the beauty of this proposal – it's already paid for. When the Legislature approved the "Dime-a-Drink" alcohol tax increase last session, it created a special alcohol and drug treatment and prevention fund with half the annual projected revenue from the higher tax. That totals about \$15.5 million yearly.

What types of programs are included in "Reforming Mandated Treatment"?

A. Here are some examples. \$2.55 million would go to programs and therapeutic courts to make sure adult offenders face consequences and get alcohol treatment before being released. \$2.33 million would fund enforcement, treatment and prevention efforts to stop teen drinkers before they become lifelong abusers. \$1.72 million would expand alcohol and drug treatment for parents in trouble for child abuse or neglect and for rural mothers with drinking and drug problems. \$2.75 million would cover needed infrastructure, from public inebriate services in Fairbanks to transitional housing for high-risk addicts undergoing treatment. \$1.1 million would train new counselors and clinicians and provide research and evaluation to make sure treatment is efficient and effective.

Q. Can we really afford this proposal?

A. Yes. In fact, we can't afford not to fight back against substance abuse in Alaska. The toll it takes in our state is devastating. A study completed last year for the state Advisory Board on Alcoholism and Drug Abuse says substance abuse, the vast majority of which involves alcohol, cost Alaska's economy \$614 million in 1999 from lost worker productivity and increased need for law enforcement, incarceration and social services. Statistically, the most disproportionate representation of crimes committed occur within the rural areas of Alaska, thus the support for prevention, intervention and rehabilitative programs must be representative of the need throughout Alaska. Police say the vast majority of all crime in Alaska is alcohol related. Recent studies said 79 percent of Alaska's newly incarcerated inmates were actively abusing or dependent on a substance in the year before their incarceration, while 81 percent of all reports of harm against Alaska children involved substance abuse – and that was during just one sampling period. By enhancing treatment for at risk individuals,

More Questions and Answers

Q. Don't we already have treatment programs in Alaska?

A. Yes, but not nearly enough to address the scope of the problem. A 2002 report completed for the State of Alaska and the federal Center for Substance Abuse Treatment estimates that, during 2000, just over 6,000 people in Alaska received substance abuse treatment – but almost 39,000 Alaskans actually needed treatment. That means only 1 of every 6.5 people who need treatment actually get it. These are people from all walks of life, but many are offenders who have served their jail sentences and are about to be released, or parents who are in trouble for hurting or neglecting their children. It makes sense to treat them when they are most likely to work on recovery – before leaving jail or before getting in further trouble with the child protection system. To not treat these Alaskans is to invite more trouble and further endanger us all.

Q. Isn't there other new money available for alcohol programs in Alaska?

A. Yes, but it's still not enough – and much of it doesn't focus on treatment. In each of the past two years, the Alaska Federation of Natives received nearly \$15 million from the federal government for an alcohol control program. The vast majority of this money is being divided amongst regional Native non-profit organizations for other unmet needs that would curb substance abuse – improving public safety in the villages and increasing education about sobriety, for example. In fact, of the four very worthwhile objectives of the AFN project, only one complements the “Reforming Mandated Treatment” approach. These programs supplement the statewide “Reforming Mandated Treatment” package, but don't overlap it.

Q. Which organizations are backing “Reforming Mandated Treatment”?

A. The list is already long and still growing. The Alaska Mental Health Trust Authority is coordinating the initiative, along with the state Advisory Board on Alcoholism and Drug Abuse, the Alaska Mental Health Board, the Substance Abuse Directors Association, the Alaska Native Health Board, and the Alaska Federation of Natives. Budget estimates have been developed in conjunction with the state Departments of Health and Social Services and Corrections.

Q. How can I support “Reforming Mandated Treatment”?

A. Tell your legislator you believe this proposal is a wise investment in Alaska's future. Tell your friends or your organization about it. Write a letter to the editor urging others to support this wise use of our new alcohol tax dollars.

ALCOHOL FUND PACKAGE

REVENUE SUMMARY

	<u>FY03</u>	<u>FY04</u>
Alcohol Fund	23,000.0	31,000.0
50% to Treatment & Prevention Fund	11,500.0	15,500.0

EXPENDITURE PLAN

Current Budgeted for Alcohol Programs	3,600.0	3,600.0
SUBTOTAL AVAILABLE	7,900.0	11,900.0

Category	% Allocation	FY05 Allocation
Treatment	60%	7,185.0
Intervention	19%	2,315.0
Workforce Development	5%	550.0
Prevention/Education	10%	1,150.0
Evaluation/Research	5%	550.0
Enforcement	1%	150.0
TOTAL	100%	11,900.0

OPERATING BUDGET PROPOSALS

	<u>FY04</u>	<u>FY05</u>
CHILD PROTECTION	1,720.0	1,915.0

Focuses on providing substance abuse treatment for parents. These projects provide intensive outpatient and residential treatment services and continuing care for both rural and urban parents who are ordered to receive treatment.

ADULT OFFENDER	2,550.0	2,830.0
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Addresses intervention and treatment approaches for adult offenders within the criminal justice system. It provides therapeutic communities, treatment services for inmates and parolees, as well as bolsters various kinds of therapeutic courts that intervene on substance abusers and those with co-occurring mental illness.

EMERGENCY SERVICES	1,225.0	1,175.0
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Focuses on emergency detoxification services and involuntary commitment and treatment.

YOUTH/JUVENILE JUSTICE	2,330.0	2,580.0
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Provides a range of projects for treatment, intervention, and prevention service programs for youth around the state. These projects train individuals who deal with at-risk juveniles, monitor businesses licensed to sell alcoholic beverages, and enhance youth criminal justice programs.

SHARED SERVICES	1,325.0	2,650.0
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Included in this category are transitional housing services which assist alcoholics in their recovery by providing stable housing and treatment services, enhanced treatment capacity in rural areas, workforce development, and funding for the evaluation of chemical dependency services in the state.

SUBTOTAL OPERATING	9,150.0	11,150.0
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CAPITAL BUDGET PROPOSALS

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>
CAPITAL/INFRASTRUCTURE	7,900.0	2,750.0	750.0

Provides capital funding to support various aspects of the package: transitional housing, detox services, women and children treatment, etc.

TOTAL ALCOHOL PACKAGE	7,900.0	11,900.0	11,900.0
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