

**ALASKA
MENTAL
HEALTH
TRUST
AUTH.**

2/5/04

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FILE

PROPOSED
NEW TRUST BUDGET RECOMMENDATIONS PLANNING PROCESS (BRPP)
(To replace the Request for Recommendations (RFR) Process)
1/23/04

In preparation for the Trust's FY06 and FY07 budget recommendations, Trustees are considering a change to their two year process for developing their funding recommendations for expenditures of Trust income. This has come about due to desire by Trustees to enhance collaboration between all the stakeholders: They will be reviewing the proposed process and potential funding focus areas at their February 4 & 5, 2004 meeting in Juneau and are requesting input from providers and beneficiaries during public testimony on February 4 at 4:30 PM. The proposed changes were warmly received by representatives from the four Trust-related Boards and from departments of state government at a meeting on January 13, 2004.

The core idea of the Budget Recommendations Planning Process (BRPP) is that the Trust (with the help of all stakeholders) will select 3 or 4 focus areas and allocate large amounts of funds to those areas for the next five or so years in addition to select ongoing funding for other designated Trust projects. Some focus areas will necessarily be deferred, so it is very important that the selection of these focus areas receive careful review and input from providers and Trust beneficiaries. By this method, The Trust hopes to affect significant changes in these focus areas -- changes that can sustain themselves rather than to spread funding out too thinly to be either effective or sustainable.

Trustees will be asking for additional input not only at their February meeting, but will also be requesting input from all stakeholders as they select the limited number of focus areas at a special meeting in early March.

Focus Area Brainstorming To begin the process of consideration, at the January 13 Collaboration Meeting, the Trust-related boards brainstormed an initial list of potential focus areas:

- 1) redesign of tiered service delivery system with waitlist reduction
- 2) decriminalization/courts
- 3) workforce development for service providers and beneficiaries
- 4) prevention and early intervention
- 5) rural services
- 6) consumer involvement/peer support
- 7) relapse reduction

A second list came from the departments:

- 1) "Bring the Kids Home" project (mentally ill youth placed out of state)
- 2) tribal agenda (maximizing 100% Medicaid reimbursement for Alaskan Natives)
- 3) diversion from jails/courts
- 4) workforce development

The Trust encourages all stakeholder groups to not only review this initial list but to also add to it. Trustees want to encourage as many ideas for focus areas as possible at this point. But as the process continues they will be narrowed to 3 or 4 focus areas.

Focus Area Criteria The Trust, board and departmental representatives also developed a list of best attributes for Trust funded focus areas:

- Maximum alignment with all stakeholders
- Cost effective
- Has a methodology for sustainability once Trust income is removed
- Avoids future costs
- Strong impact on Trust beneficiaries
- De-institutionalizes Trust beneficiaries
- Has statewide equity between rural and urban
- Leverages other funding
- Longer term (4 to 6 years)
- Has agreed upon beneficiary outcomes defined at conceptual stage

Work Groups From March to August workgroups will be established to actively plan the details of these focus areas that will be submitted to Trustees at their September funding meeting. Each focus area would be fleshed out to include resources needed and beneficiary outcomes expected. Again provider and beneficiary involvement will be critical in shaping these focus areas.

Typically, each workgroup might consist of the following:

- 2 Board Members (1 provider & 1 consumer representative)
- 1 staff member from the appropriate board
- 1 AMHTA Trustee
- 1 AMHTA staff member
- 2 members from the Department/state agency
- 2 members from the native entities
- 2 members from other funders/partners

The work groups will be facilitated and be video and audio teleconferenced. Progress on work group planning will be reported out to all stakeholders.

Alaska Mental Health Trust Authority

Presentation to the
Senate Finance Committee

February 5, 2004



History of Trust Formation

- Litigation (related to breach of Mental Health Enabling Act trust established by Congress in 1956) 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*

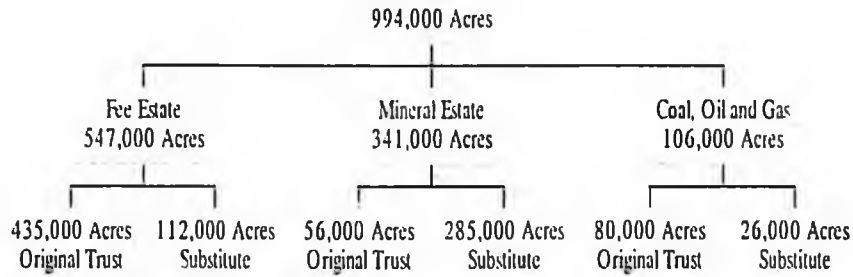


Four Boards Advise the Trust

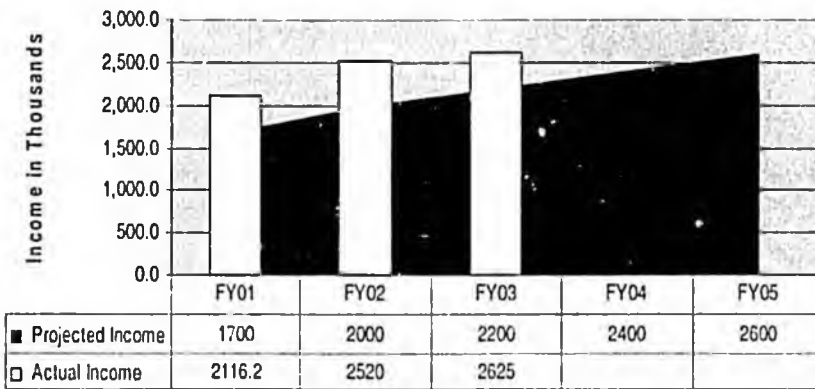
- *Alaska Mental Health Board*
- *Advisory Board on Alcoholism & Drug Abuse*
- *Governor's Council on Disabilities & Special Education*
- *Alaska Commission on Aging*
- *The Four Advisory Boards have been engaged in a collaborative effort with the Division of Behavioral Health to oversee a federal CMMS grant for planning and implementation of a service delive*



Land and Resources



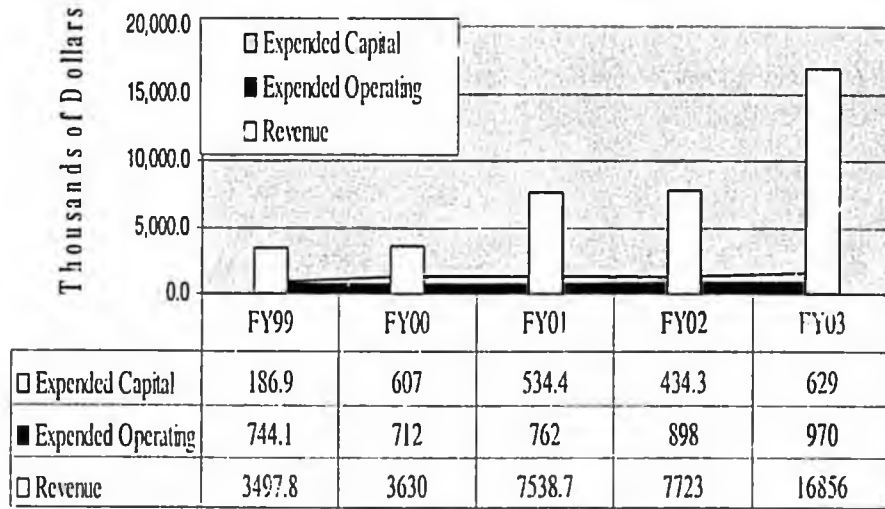
Spendable Income From Trust Land



Spendable Income Earned through FY03



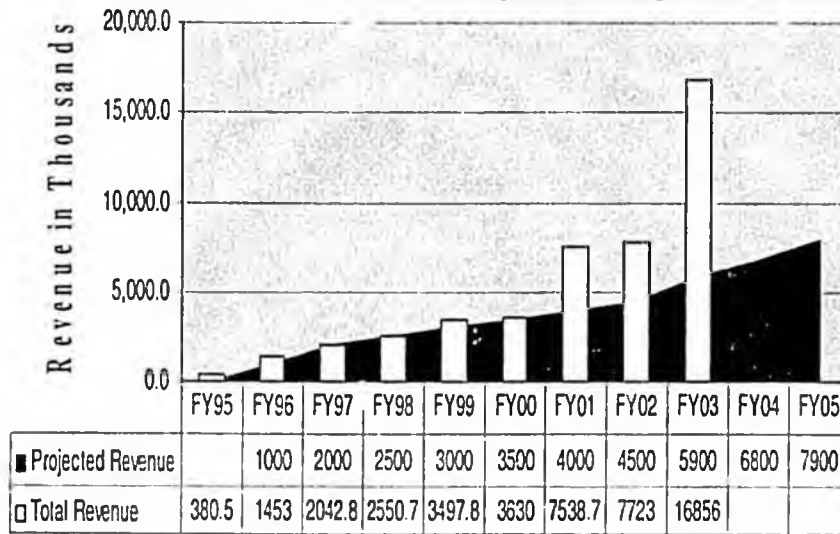
Trust Land Office Operating & Capital Expenditures Vs. Revenue Earned



Actual Revenue through FY03



Gross Revenue From Trust Land



Actual Revenue through FY03

Projected Revenues



Trust FY05

<u>TRUST Distributable Income</u>	
Land Office Income	\$ 2,400,000
Trust Fund Payout 3.5%	\$10,858,800
Prior Year Lapse	\$ 2,317,400
Interest	\$900,000
Trust Projected Payout	\$16,476,200
MHTAAR Expenditure Recommendations	\$11,986,900 Operating \$3,730,000 Capital
Total MHTAAR Recommendations	\$15,698,900
MH Budget Base FY 04	\$136,372,000
MH Budget Base FY 05	\$125,788,000
FY 04 GF/MH 99,774,200 / Alcohol Tax 21,400,000/ AHFC 1,700,000	
FY 05 GF/MH 93,172,500 / Alcohol Tax 17,925,000/ AHFC 1,800,000	



New Trust Budget Recommendation Planning Process for FY 06/07

- Collaborative planning process with four Trust advisory groups, state agencies and major partners.
- Limited number of focus areas targeting system change + Partnerships, mini-grants and other ongoing projects.
- Emphasis on partnering to maximize and coordinate funding goals across systems serving beneficiaries.



FY 04 Budget

- Infrastructure cuts – will impact direct services to beneficiaries.
- Cuts to MH Budget Base + current DHSS FY 04 restrictions (belt tightening) = Service Cuts (examples)
 - 1.3 million in DD grants
 - Reduction in legal support for DD in Bethel, Fairbanks and Juneau offices of DLC.
 - Hope Community Resources – closed apartment for emergency rural housing.
 - Quality Assurance funds (GF/MH) for DD cut
 - Care Coordination grants for seniors reduced by 20%.



FY 04 Impacts ...

- Tribal substance abuse program cuts 977.3 – 35% of all ADA cuts while AK Natives are 20% of population (and 40% of treatment population)
- Rural ASAP programs cut \$908.0 – 70-90% no show rates thus far in FY 04 for those programs that have tried self-pay.
- 10% to 25% match on alcohol grants



FY 05 Budget

- Medicaid – Federal Control and Support concerns
- Budget built on assumptions
 - Refinancing
 - Litigation around Medicaid
 - Proshare viability
 - Tribal agenda
 - Catchment area consolidation
 - ASAP program self-pay
 - Restructuring of service waivers
 - Cost containment (really service cuts)
- Continued infrastructure cuts/Reorganization impacts



The TRUST
The Alaska Mental Health
Trust Authority

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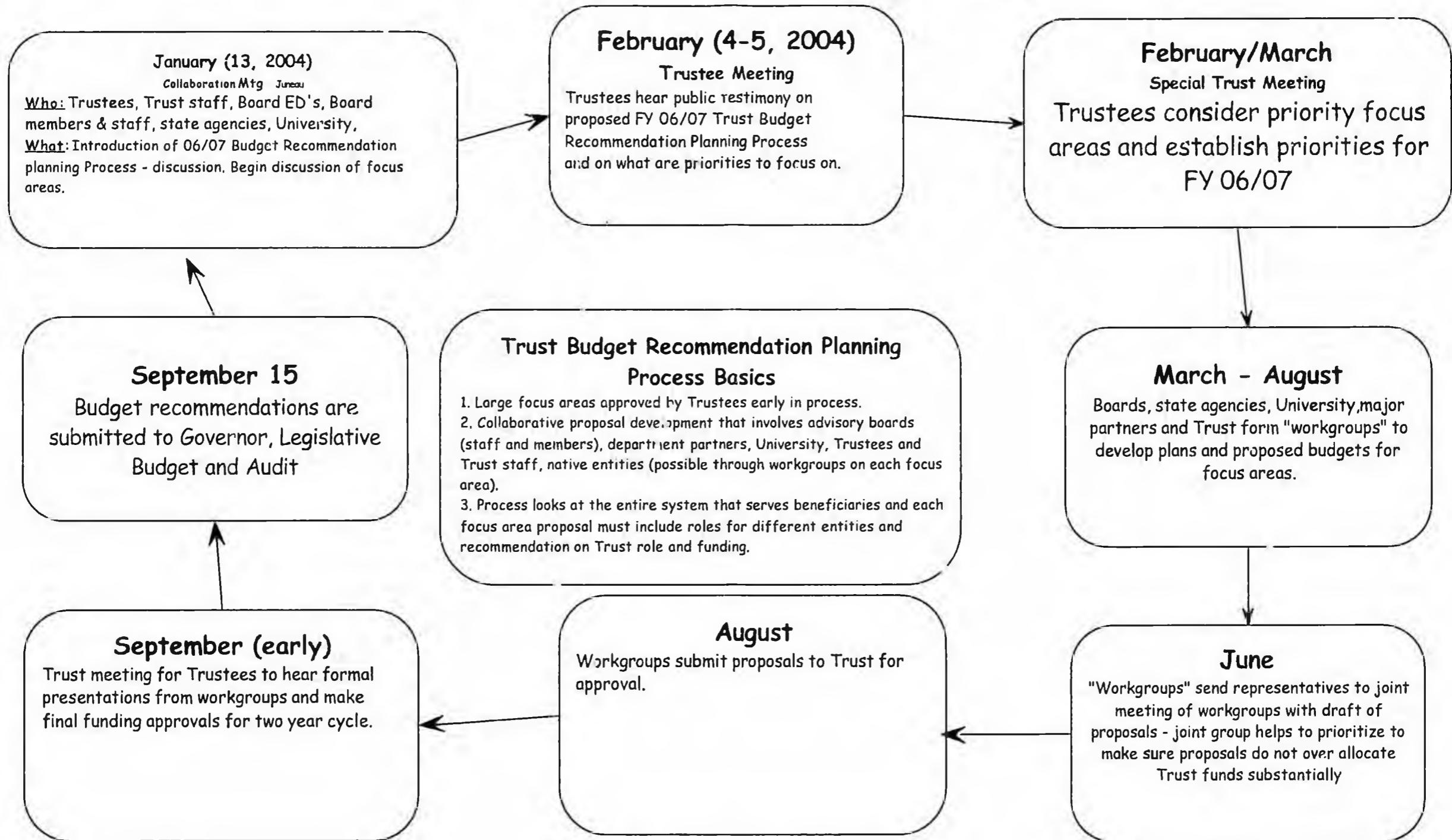
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AMHTA FY 06/07 Budget Recommendation Planning Process - draft



2003

ANNUAL REPORT



Taking the road less traveled to make a difference

The TRUST

The Alaska Mental Health Trust Authority

A black and white photograph of a dirt road diverging into two paths in a wooded area. The road is unpaved and shows tire tracks. The trees are dense and leafy, creating a canopy over the paths. The lighting is dramatic, with strong highlights and deep shadows.

THE ROAD NOT TAKEN

By Robert Frost

Two roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler; long I stood
And looked down one as far as I could
To where it bent in the undergrowth;

Then took the other; as just as fair;
And having perhaps the better claim,
Because it was grassy and wanted wear;
Though as for that the passing there
Had worn them really about the same,

And both that morning equally lay
In leaves no step had trodden black.
Oh, I kept the first for another day!
Yet knowing how way leads on to way,
I doubted if I should ever come back.

I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I —
I took the one less traveled by,
And that has made all the difference.

Message from the Chair

TRUSTEES TOOK THE ROAD LESS TRAVELED TO MAKE A DIFFERENCE FOR BENEFICIARIES



With passage of another year, it is appropriate to examine the challenges we faced and accomplishments we achieved during FY2003. This year our annual report theme focuses on choosing paths, especially roads that are not ordinary or trendy, but instead are pathways that stimulate and challenge us to think and work in new ways.

We hope you enjoy reading about some of the interesting roads we chose to walk during 2003, as we strived to serve as a catalyst for change and improvement in the systems that affect the lives of our beneficiaries. Along the way we often found that, in the words of the poet Robert Frost, we selected "the one less traveled by and that has made all the difference."

We believe our FY2003 report card reflects that we were very successful in staying "in step" with the state's Comprehensive Integrated Mental Health Plan, coincidentally entitled "IN STEP." Most importantly, we focused on measurable results in the broad program areas of the plan: health, safety, economic security, living with dignity, and workforce and infrastructure development for the systems that serve our beneficiaries.

Some important roads we chose this year were those we traveled with partners. By joining forces with other funders, we pooled our resources to develop facilities and programs that may have otherwise existed only as dreams. Examples include an addition to Safe Harbor, an Anchorage non-profit motel for the homeless, and a detox center planned for Fairbanks, which is an outgrowth of nearly two years of work by committed community partners around alcohol problems in Fairbanks. We also made landmark progress sustaining and expanding Alaska's therapeutic courts and therapeutic justice practices. This is another instance in which The Trust took a leadership role by opening a dialog with judges, beneficiary groups and court administration that focused attention on the inappropriate and avoidable incarceration of people with mental disorders.

The Trust Land Office also had a very successful year managing our land and resources. The staff again exceeded their goals and that of the Trustees by enhancing the value of our many assets and producing increased income to fund programs and facilities for our beneficiaries. Their challenges were many, from timber land trades, oil and gas leases and land sales to making plans to move to a new office unexpectedly. I thank the TLO executive director and staff and the Trustees for keeping us on the path of the TLO's long-term goal to manage Trust resources so they provide the best sustainable income for beneficiaries.

The successes and measurable results we can point to in FY2003 would not have been possible without the continued hard work and dedication of our Trustees, who take time away from their families and their jobs to serve the beneficiaries. I appreciate all of them. I extend a special thanks to Susan LaBelle, who has chosen to leave The Trust when her term ends in March 2004. Susan has played a major role in starting and sustaining the Rural Outreach program, which has focused Trust attention on developing infrastructure and resources for beneficiary related systems in rural Alaska.

My report would not be complete without thanking our executive director and Trust staff for their dedication, innovative ideas and energetic enthusiasm. As a team we found many interesting paths to walk this year and made considerable strides that improved the lives of our beneficiaries. We believe this year was part of a journey that will make a difference.

Phil Younker, Sr.
Chair

FY2003: A Year In Review

TRUSTEES FOCUSED ON IN STEP PROGRAM AREAS TO HELP IMPROVE THE LIVES OF BENEFICIARIES

Throughout FY2003, The Trust focused its efforts on six program areas that were identified in "IN STEP", the state's Comprehensive Integrated Mental Health Plan, which was developed by the Department of Health and Social Services in conjunction with The Trust. It provides policy direction for developing and implementing programs and services for Trust beneficiaries to foster individual health and well being, personal safety, economic security and life with dignity. It also includes programs that promote workforce and infrastructure developments that help improve the systems that serve Trust beneficiaries.

The following examples are a few of the highlights of the work that was accomplished with funding and support provided by The Trust during the year.



Health

WELLNESS CAMPS

Inspired by a culturally based family treatment program initiated at the Old Minto Spirit Camp several years ago, The Trust has funded three "wellness" camps near Sitka, Dillingham and Kodiak that specifically target Alaska Natives and their families who are facing substance abuse problems.

Although Alaska Natives comprise 16 percent of Alaska's population, they represent 49 percent of the people receiving substance abuse treatment services in the public sector. Strengthening cultural identity is an important part of the treatment in all three camps. The goal of each camp is to initiate or reignite participants' interests in Native ways, such as hunting, fishing, carving and

sewing. Each facility was developed according to the culture of the region and the level of substance abuse services and support available.

Reports from the camps show that entire families and individuals have taken advantage of the programs and that the use of emergency medical services for substance abuse problems has dropped among the participants.

At the urging of The Trust, each of the programs has developed links to regional substance abuse programs and all are working to find other funding partners to keep the programs alive and growing.

TRAUMATIC BRAIN INJURY ADVISORY BOARD

The Alaska Traumatic Brain Injury Advisory Board completed the first phase of a federal Health Resources Services Administration grant in FY2003 that will improve the state's service delivery system for survivors of a traumatic brain injury and their families. To assist TBI in its efforts, The Trust provided \$100,000 in FY2003, of which \$75,000 was used to pilot direct services and \$25,000 matched the federal grant.

An improved service system for these beneficiaries will economize existing delivery channels that rely on uncoordinated delivery structures and result in out-of-state treatment, long delays post-injury for interventions and poor outcomes. Improvements in the delivery of TBI services will help to relieve the burden on the state's emergency and institutional delivery systems, such as corrections and emergency mental health treatment, which often serve TBI survivors by default.

Progress by the TBI board in FY2003 included oversight of a needs assessment and a survey of TBI survivors and family members, service providers and state level agencies. Information was gathered on the incidence of traumatic brain injury and existing capacity to provide rehabilitation services in the state.

Alaska's developing TBI model, administered under the state's Division of Behavioral Health, is regarded nationally as an innovative design, combining the necessary mental health, substance abuse and rehabilitation services needed to efficiently serve this population. Changes by the Division will provide greater access to funding in the state's grant and Medicaid program for a cost-efficient level of service delivery.

The Division also implemented changes that will increase identification and specialized delivery of services to TBI survivors, thus increasing the likelihood of positive outcomes for these beneficiaries. The Alaska Screening Tool, an assessment tool to identify mild to moderate-level brain injuries, also was developed by the Division in FY2003, and its use is required by all Division grantees in intake and assessment procedures. Assessment data and other TBI relevant data will be included in the plan for upgrading the state's Management Information System to assist in identification of the incidence of TBI and treatment mechanisms by state grantees. Discussions were held with representatives of the Division of Seniors and Disability Services to incorporate this screening tool in their assessment procedures as well.

In FY2004 TBI will fund training to increase direct service workers' skills and understanding of the complex needs of TBI survivors. The TBI Board will also sponsor its first state conference in March 2004 specifically for TBI education.



Safety

THERAPEUTIC COURTS

During FY2003, The Trust and the Alaska Court System partnered to sustain and expand Alaska's therapeutic courts and therapeutic justice practices statewide.

Therapeutic courts are innovative alternatives that have demonstrated significant results with individuals whose involvement with the justice system stems primarily from a mental illness or substance use disorder. Alaska has six therapeutic courts

that target mentally ill misdemeanor offenders, misdemeanor and felony DUI offenders, felony offenders with drug addictions, and families in which substance abuse led to child protection intervention. These projects developed independently over the last few years and with differing and usually short-term funding sources.

As part of the partnership with the Court System, Trust funding provided for a staff person within the Court System who focused exclusively on developing, sustaining, and evaluating therapeutic courts; a guide to assist judges in implementing therapeutic practices; and training for judges.

Therapeutic courts focus on solving the underlying problems that bring people into contact with the justice system rather than simply applying standardized sets of sanctions. Judges in therapeutic courts coordinate closely and in non-traditional ways with a team including attorneys, treatment providers, and case managers to develop and apply individualized requirements and sanctions. They provide higher levels of oversight and respond more quickly to both positive and negative behaviors of participants.



Economic Security

IDA SUMMIT

The Trust funded a six-year project beginning in FY2002 to partner with other organizations in researching, developing and implementing an IDA program in Alaska. IDAs — or individual development accounts — are financial tools that enable low-income and low-wealth American families to save, build assets and enter the financial mainstream. In 2003, The Trust took another step toward bringing IDAs to Alaska by sponsoring an IDA summit with national experts that provided local stakeholders with information and technical training necessary to develop and implement IDA programs.

In addition to helping individuals achieve financial independence, IDAs benefit communities by adding new property owners to the tax-payer

base, adding new small businesses that will pay taxes and stimulate the economy, and increasing the number of trained and educated workers in the workforce.

IDA programs are implemented by community-based organizations in partnership with a financial institution that holds the deposits, and are funded by public and private sources. Federal and state governments, private-sector organizations and individuals can match deposits for low-income families. During FY2003, The Trust began funding of a pilot program with the Cook Inlet Tribal Council that targeted 40 potential IDA participants in the Anchorage area and will expand in subsequent years.

The Trust is also partnering with the Rasmuson Foundation to fund an asset-building coalition through United Way of Anchorage. The coalition will develop a broad range of programs that are complementary to IDAs to benefit low-income Alaskans and Trust beneficiaries. These include increasing participation in the Earned Income Tax Credit, layering funding resources for homeownership through federal funding programs, and participation in initiatives that assist individuals in becoming 'banked' and participating in traditional banking services.



Living with Dignity

JUSTICE SUMMIT

On November 18-19, 2002, Trustees hosted Alaska's first ever Criminal Justice/Mental Health Summit to focus attention on the problem of inappropriate and avoidable incarceration of people with mental disorders, to gain perspective from practitioners, and to develop direction for improvements.

Over 200 participants met in Anchorage to examine the causes and impacts of "criminalization" of people with mental disorders. They included professionals from law enforcement, corrections, the judiciary, and various treatment disciplines along with legislators and consumer

advocates. Participants reviewed specific case examples to explore current justice and treatment system responses when symptoms of mental disorders result in "nuisance" or "status" offenses and to identify needed improvements.

Michael Thompson of the Council of State Governments reviewed the findings and recommendations of the Council's Criminal Justice/Mental Health Consensus Project, which is attempting to develop a consensus direction for improving responses to the nationwide problem that our jails and prisons have become the default emergency response system when appropriate care for mental illness is unavailable.

In breakout sessions participants focused on in-depth exploration of four key parts of the criminal justice/mental health system interface: law enforcement; court processes; incarceration and re-entry; and community-based services and integration. A special session focused on issues related to children and adolescents in the juvenile justice system.

The summit resulted in identification of what is working effectively and identified four key areas for future action: collaboration of the justice and community treatment systems; training; service system gaps; and rural services. Participants agreed on the importance of the summit as a first step in improving collaboration across systems and urged continued Trust leadership to promote and support action at the state and community levels in all four areas.



Workforce Development

LEADERSHIP INSTITUTE

The Governor's Council on Disabilities and Special Education, with funding from The Trust, developed and piloted a training program called the Leadership Institute to increase the skills and competencies of front-line supervisors working with Trust beneficiaries. The Leadership Institute was a comprehensive, multi-faceted approach that included a three-day skill-training workshop, mentoring, guided practice, distance-delivered discussion opportunities, and a competency evaluation.

The University of Alaska Anchorage Center for Human Development conducted the program over the course of six months beginning in May 2003.

The Leadership Institute provided front-line supervisors with a rigorous, time-intensive, and competency-based curriculum. Seventeen new front-line supervisors participated. During the skill-training workshop, participants received instruction on various leadership and management skills, including vision and mission development, identifying and developing leadership characteristics, time management, developing performance-based job descriptions, constructive feedback and staff development, working with teams, and supervision techniques.

Each participant was paired with a seasoned supervisor who served as a mentor and provided regular contact for six months. Mentors also attended the skill-training workshop. In addition to the three-day workshop and mentoring support, seven audio-conference discussions were conducted to help participants use their new skills. To complete the course, participants were required to submit a portfolio that demonstrated skill competencies. Certificates of completion were awarded to those participants who completed all the assignments.

Outcomes of the Leadership Institute were positive and reflected the demanding nature of the training. Seven participants (41 percent) received certificates of completion; nine participants (53 percent) maintained consistent contact with their mentors. In the words of one participant, "The assignments are difficult to take on, like taking on a college course along with other job duties, but it is an obtainable goal." Another participant said "Having homework to do, getting together with my mentor and camaraderie with other students is what worked for me." Another institute is scheduled in April 2004.

PERSONAL CARE ATTENDANTS, DENTAL AND BEHAVIORAL HEALTH AIDES

One of the most important steps in getting the proper care for Trust beneficiaries is having the right kind of trained personnel available to them, especially in rural Alaska where services are often

limited. Three training programs were initiated in FY2003 that are aimed specifically toward individuals living in rural Alaska. The programs provide training for personal care attendants, dental health aides and behavioral health aides.

The training was funded by a coalition called the Alaska Rural Community Health Economic Strategies that, in addition to funds from The Trust, includes support from the Alaska Native Tribal Health Consortium, Rasmusson Foundation, Paul G. Allen Charitable Foundation, Ford Foundation, Denali Commission and National Rural Funders Collaborative.

The behavioral health aide training program was funded in federal fiscal year 2003 and will be recruiting in winter of 2004 for 50 village-based positions that will address local mental health and substance abuse issues. These individuals will work primarily with Alaska Natives to address substance abuse problems ranging from alcohol, drug and tobacco abuse, in addition to inhalant abuse. They will also help with mental health problems relating to grief, depression, suicide and homicide in their communities.

The dental health aides are being trained to provide basic oral health and preventive services under the direction of the Community Health Aide Program. Graduates will be certified by the Community Health Aide Certification Board and will work under the supervision of a dentist, typically in a village clinic.

Personal care attendants will receive training to help them assist an elder or a disabled person who wants to live independently and at home but needs care to stay safe and healthy. Those services range from assisting someone with bathing, dressing and grooming, to checking a person's vital signs or treating wounds.

Three training programs are also expected to create much needed jobs in rural communities where employment opportunities are limited. Program graduates may eventually go on to other health care careers, too, as they see the opportunities to make a difference in their communities.



Infrastructure Development

RURAL BEHAVIORAL HEALTH CLINICS

Sometimes The Trust's two-year budget planning cycle can be too slow to allow The Trust to respond rapidly to funding opportunities that may arise. Therefore, Trustees have established a Partnership Fund in each fiscal year to allow The Trust to leverage other resources in a timely manner. During FY2003, The Trust spent \$586,672 to leverage nearly \$11.1 million from other partners to fund various programs throughout Alaska.

A key success story in this partnering effort has been the addition of behavioral health clinics in rural health care projects that are being funded throughout Alaska by the Denali Commission in partnership with The Trust and other local funding sources.

In 1999, the Commission conducted a needs assessment that identified nearly 300 communities, villages and towns that needed primary care facilities. As of 2003, about 60 of those projects were in stages ranging from concept to planning, design or construction. Most include a behavioral health component and, in some cases, a dental component as well.

Trustees believe that co-locating behavioral health and primary care in a community is both fiscally responsible and in the best interests of patients. By integrating services, The Trust hopes to reduce the stigma and barriers that prevent Trust beneficiaries from seeking the treatment they need.

INTEGRATED MIS PROJECT

Alaska is one of four states developing a Web-based information management system to track the treatment and progress of those receiving substance abuse counseling. The federal Substance Abuse and Mental Health Services Administration is funding the program. With Trust encouragement and additional funding from the Department of Health and Social Services, Alaska's program has gone a step further to become an integrated behavioral health program that also includes tracking for those receiving mental health services. Trust staff members have been integrally involved in partnering with DHSS to develop the Alaska version and implementation plan.

The system will use a single, protected server and newly developed software, an outgrowth of a successful system in Texas, which will streamline several processes, resulting in improved quality of service to clients and the use of more standardized treatment tools. The software will also assist providers in documenting caseload and treatment data and will ensure that they are in compliance with funding requirements and reporting.

The new program is expected to encourage collaboration among providers because of better, more detailed records and should result in better tracking of referrals. Finally, the system will be compliant with all patient confidentiality regulations, so clients and providers can both feel more comfortable using the system.

The program was piloted in Seward, Valdez and Healy in FY2003 and is scheduled to roll out to the majority of providers in 2004.

2003 Financial Report

TRUST FINANCIAL HOLDINGS BEGIN A TURNAROUND

Assets of the Trust are made up of the corpus of the Trust Fund, which includes financial assets. The financial component of the Trust Fund is managed by the Alaska Permanent Fund Corporation 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 land assets, also required by law. The Treasury Division of the Department of Revenue manages the financial holdings from the mental health budget distribution (payout), current-year rents, fees and bonuses from Trust Land use 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 Finance Committee and the Board of Trustees. The Trust Land Office routinely coordinates with the Trust Authority staff, Resource Management Committee and the Board of Trustees on Trust Land management and development matters.

KEY FINANCIAL OUTCOMES OF THE TRUST FUND

The assets of The Trust consist of revenue generated from the financial component as well as the use and disposal of Trust Land assets. The cash

assets consist of the original settlement, inflation proofing, interest and revenues generated from the disposal of Trust Land assets. 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 designed to provide a steady stream of funding during downturns in investment markets. In FY2003 the principal reserve was 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 current year rents, fees and bonuses from Trust Land use, as well current interest on the funds held in this account.

In FY2003, the financial holdings at the APFC experienced a 4 percent gain after having losses for two years due to the volatile market. The interest from the financial holdings at Treasury was also down by 3 percent. However, it should be noted that the Trust Land Office exceeded its gross revenue projections by 185 percent, with final revenues equaling about \$16.8 million, compared to a goal of \$5.9 million. It is important to note that the distributable Income from the Trust Land use, which The Trust relies on to meet funding commitments for the subsequent year, was only 19 percent higher than projected, which is consistent with the necessarily conservative nature of this projection.

AMOUNT OF TRUST FUND AT AFPC* (AT END OF FY2003)



■ Settlement	63.4%	\$200,000,000
■ Inflation	13.3%	\$42,200,710
■ Reserves	11.9%	\$37,409,130
■ Land	7.9%	\$24,761,544
■ Payout	3.5%	\$11,039,434

TRUST PROGRAM AREA EXPENDITURES



■ Health	22%
■ Safety	26%
■ Economic Security	3%
■ Living with Dignity	10%
■ Infrastructure	30%
■ Workforce Development	9%

Note: The total expended for programs was \$9,522,379 in FY2003. This does not include Trust Authority Admin or Trust Land Office costs.

The disbursement or payout rate remained at 3.5 percent for FY2003, 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 Trust Land use, the interest on the financial holdings at the Treasury Division, and any lapsed funding from prior year projects.

The following performance for FY2003 was available for funding the FY2004 mental health budget:

- The disbursement (payout) rate remained at 3.5 percent for a payout of \$11,039,400 (5.3 percent increase over FY2002).
- Rents, fees and bonuses from Trust Land use increased by 4 percent over the prior fiscal year to \$2,625,000.
- The interest on the Income Account at Treasury Division decreased by 2.7 percent to \$1,219,885.
- The amount of lapsed funds from prior fiscal years was also reduced by 0.3 percent to \$3,252,649.
- The total funding available for the mental health trust budget in FY2004 is \$18,636,800 for an increase of 6.37 percent over FY2003.

In FY2003, the Trustees approved spending \$325,000 from the Principal generated from the disposal of Trust Land resources to remodel a small Anchorage office building that is owned by The Trust and will be occupied by the Trust Land Office in FY2004 and to replot

and rezone a 14-acre commercial property in Anchorage.

In FY2003, the Trustees took steps to protect the financial assets from major losses and developed 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. The Trust currently has \$20,963,600 invested in the intermediate investment fund at Treasury, which is approximately one half of the Principal Reserve.

KEY FINANCIAL OUTCOMES OF THE TRUST LAND OFFICE

The TLO exceeded its FY2003 gross revenue goal by about 185 percent, with final revenues equaling about \$16.8 million, including \$2.6 million in distributable Income. \$14.2 million of this amount was attributable to the disposal of Trust Land assets and was deposited in the Principal Account, with the remaining \$2.6 million being fees and rents and thereby distributable Income. Much of the revenue was attributable to multi-year transactions, which were not guaranteed to close in FY2003 and were, therefore, not included in the FY2003 gross revenue projections. Core and supplemental operating costs for the year equaled about \$1.6 million. Other highlights included:

- Timber harvest revenues accounted for over 45 percent of gross revenues (about \$7.5 million), with sales at Icy Bay (Yakutat), Thorne Bay (Prince of

Wales Island), North Kenai, Tyonek and Katlian Bay (Sitka).

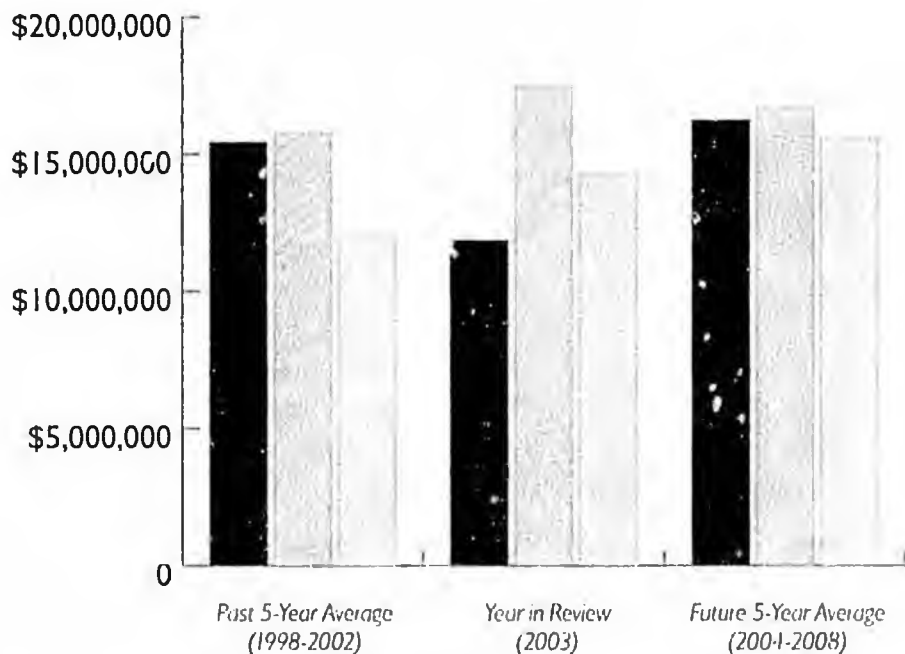
- Successful efforts were made to increase revenues from other resource categories, including significant increases in oil and gas lease acreage, with over 70,000 acres under lease by year end in the Cook Inlet and Nenana areas and natural gas production expected by winter of 2004.
- The Real Estate program conveyed 16 acres for the new Alaska Psychiatric Hospital and sold 25 acres to Providence Health System in Anchorage, 120 acres of residential land in Anchorage to a private developer, 1,000 acres in Sitka to the U.S.

Forest Service, and 17 acres in Fairbanks to the State of Alaska. Additionally 40 lots were sold through the TLO's annual land sale, with a sale value of over \$1.25 million, and over 59 new lots were added to The Trust's land disposal portfolio through subdivision projects throughout the state.

- The minerals and materials program generated revenues and new business opportunities at the Fort Knox Gold Mine in Fairbanks.

An expanded TLO annual report, including projected activities for the future, is provided in the Fall 2003 issue of *Trustworthy*, the Trust's newsletter.

TRUST FUND PERFORMANCE



	Past 5-Year Average (1998-2002)	Year in Review (2003)	Future 5-Year Average (2004-2008)
■ Trust Fund Performance	\$15,453,900	\$11,865,900	\$16,245,020
■ Trust Income Available	\$15,779,840	\$17,519,600	\$16,728,130
■ Trust Funded Projects	\$12,099,620	\$14,267,100	\$15,569,180

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

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

Trust Funded Projects are all those projects that are approved by the Trustees for past, current or future years.

The Board of Trustees



Front row (L to R): Susan LaBelle, Phil Younker, Sr. and Caren Robinson. Back row (L to R): John Malone, Tom Hawkins, John Pugh, and Nelson Page.

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The Alaska Mental Health Trust Authority
FY2003 ANNUAL REPORT

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The TRUST

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TRUST

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The Quarterly Newsletter of The Alaska Mental Health Trust Authority

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Trust Supports Therapeutic Court Initiative

The Trust and the Alaska Court System have begun a joint effort to sustain and expand Alaska's therapeutic courts and therapeutic justice practices statewide.

The first year of the partnership includes Trust support for a staff person within the Court System who will focus exclusively on sustaining, developing, and evaluating therapeutic courts; a guide to assist judges in implementing therapeutic practice; and training for judges.

Therapeutic courts are innovative approaches that focus on solving the underlying problems that bring people into contact with the justice system rather than simply applying standardized sets of sanctions. Judges in therapeutic courts coordinate closely and in non-traditional ways with a team including attorneys, treatment providers, and case managers to develop and apply individualized requirements and sanctions. They provide higher levels of oversight and respond more quickly to both positive and negative behaviors of participants. These innovative

alternatives have demonstrated better results with special populations, in particular those persons whose involvement with the justice system stems primarily from a mental illness or substance use disorder.

Therapeutic courts have gained increasing recognition for their effectiveness and have been expanding nationally for over a decade. Alaska has developed six therapeutic courts over the last few years targeting mentally ill misdemeanor offenders, misdemeanor and felony DUI offenders, felony offenders with drug addictions, and families in which substance abuse led to child protection intervention. These projects developed independently and with differing and usually short-term funding sources.

The Trust and Court System have partnered in this effort to sustain existing projects and expand therapeutic practice in order to achieve better outcomes not only for those individuals whose mental disability brings them into the justice system but for the general public as well.

Rural Outreach Teams Visit Aleutians

Representatives from The Trust, its four advisory boards and various state agencies participated in The Trust's annual Rural Outreach Trip in July, visiting six communities in the remotest part of rural Alaska, the Aleutians. A total of 33 individuals divided into teams to visit St. Paul, Atka, Unalaska/Dutch Harbor, Sand

Point, King Cove and Nelson Lagoon where they could get a first-hand look at the level of services already available in the region and to gauge the need for continued growth. Both Aleutian-Pribilof Islands Association and Eastern Aleutian Tribe staffs assisted in setting up the visits.



Trust Land Office Year-End Report

General Background

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 (The Trust). 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 the TLO actions adhere to 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 "Spendable 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.

FY03 Financial Outcomes

The TLO exceeded its gross revenue projections by 185 percent, with final revenues equaling about \$16.8 million, compared to a goal of \$5.9 million. Much of the revenue was attributable to multi-year transactions, which were not guaranteed to close in FY03 and were, therefore, not included in the FY03 gross revenue projections. It is important to note that Spendable Income outcomes exceeded projections by only 19 percent, with a year-end outcome of about \$2.6 million, compared to projections of \$2.2 million. Since The Trust Authority relies heavily on the Spendable Income projections of the TLO, it is important that the projections are as accurate as reasonably possible.

2003 Trust Land Office Revenue & Expenses Comparison (in Thousands)



Trust Land Office Revenue & Expenses (in Thousands)

Fiscal Year 1998 through Fiscal Year 2007 are Actuals - Fiscal Year 2004 through Fiscal Year 2008 are Projected

	Actuals					Year in Review	Projected				
	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Revenue	2,550.7	3,497.8	3,630.0	7,538.7	7,723.0	16,856.0	6,800.0	7,900.0	8,500.0	9,000.0	9,000.0
Income	1,082.7	1,182.9	1,381.0	2,116.2	2,520.0	2,625.0	2,400.0	2,600.0	2,800.0	3,000.0	3,000.0
Principal	1,468.0	2,314.9	2,249.0	5,422.5	5,203.0	14,231.0	4,400.0	5,300.0	5,700.0	6,000.0	6,000.0
Expenses	1,096.5	931.0	1,319.0	1,296.4	1,332.3	1,599.0	1,708.0	1,800.0	1,970.0	1,985.0	1,985.0
Operating	759.9	744.1	712.0	762.0	898.0	970.0	1,108.0	1,150.0	1,170.0	1,185.0	1,185.0
Capital	460.0	186.9	607.0	534.4	434.3	629.0	600.0	650.0	800.0	800.0	800.0

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Budget Recommendations — Fall, 2003

FY05 Budget Recommendations

The following are The Trust's recommendations as of September 30, 2003, for the Fiscal Year 2005 (FY05) 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 and Mental Health Trust Authority Authorized Receipts (MHTAAR), Mental Health Trust Administrative costs (MHT Admin), Alaska Housing Finance Corporation (AHFC) Receipts, and any adjustments to the previous year's GF/MH base.

FY05 Operating Recommendations

DEPARTMENT OF ADMINISTRATION

Legal & Advocacy Services

Public Defender Agency

Public Defender Agency Mental Health Court Attorney (Yr 4 of 4) — This funding will pay personal services costs for a full time Public Defender attorney to staff the Anchorage Mental Health Court. \$77,400 MHTAAR

DEPARTMENT OF CORRECTIONS

Administration & Operations

Inmate Health

Jail Alternative Services (Yr 7 of 8) — JAS program connects sentenced and mentally ill misdemeanants with community-based services and monitors compliance with probation conditions. \$43,300 MHTAAR and \$43,300 GF/MH

Spring Creek Initiative (Yr 4 of 4) — This continuing project provides sub-acute mental health and substance abuse treatment for 65 seriously mentally ill adults and 50 juvenile felons incarcerated in the Spring Creek Correctional Facility. \$50,000 MHTAAR

Transportation & Classification

Centralized Substance Abuse Assessment Specialist (Yr 4 of 4) — 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 GF/MH

Inmate Programs

Women's Residential Substance Abuse Treatment (Yr 7 of 7) — This is a 48-bed program that provides a therapeutic community, set aside from the general inmate population, at Hiland Mountain Correctional Center, to treat women for six to 12 months. One dollar of state funding matches three dollars of federal support. \$14,700 MHTAAR and \$14,800 GF/MH

Men's Residential Substance Abuse Treatment (Yr 5 of 5) — Project funds a therapeutic community that is located at Wildwood Correctional Center in Kenai. It

has 42 beds and treats inmates for six to 12 months. One dollar of state funding matches three dollars of federal support. \$20,700 MHTAAR and \$20,800 GF/MH

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

Special & Supplemental Services

Special Education/Project Grants

Secondary Transition Capacity Building (Yr 4 of 5) — 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. This project builds upon and complements the State Improvement Grant through linkages between schools and service providers. \$100,000 MHTAAR

Early Development

Head Start Grants

Autism Training and Education (Yr 2 of 5) — 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 HEALTH & SOCIAL SERVICES

Alaska Longevity Programs Management

Pioneer Homes

Geriatric Psychiatrist (Yr 1 of 1) — This position will add a full-time Geriatric Psychiatrist for Long Term Care to assist in the mental health needs of the elderly. \$125,000 MHTAAR and \$125,000 Other

Division of Senior & Disability Services

Protection, Community Services, Administration

Quality Assurance (Yr 5 of 5) — 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. \$50,000 MHTAAR

Rural Long Term Care Development (Yr 7 of 8) — 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. The goal is to assist with the development of sufficient long-term care services so AMHTA beneficiaries and other elders do not have to leave their community when they have extensive care needs that their families cannot provide. \$110,000 MHTAAR

Delegation of Adult Protective Service-Rural Areas (Yr 1 of 1) — The Division of Senior and Disabilities Services proposes to offer three grants for designation of rural native health or social service organizations for Adult Protective Services in their area. \$75,000 MHTAAR and \$75,000 GF/MH

Home & Community Based Programs

ADRD Support Services (Yr 1 of 1) — Provides comprehensive home and community-based services to persons with Alzheimer's Disease or related disorders and their caregivers. \$250,000 MHTAAR and \$250,000 GF/MH

Geriatric Education / Training (Yr 2 of 5) — This program is designed to expand successful provider training models developed in FY02-03 to statewide delivery; develop and conduct training in areas identified in Quality Assurance project, such as care coordination; and support on-going conference to include training regarding elder beneficiaries. \$250,000 MHTAAR

Elders with Co-Occurring Disorders (Yr 5 of 5) — Project develops curriculum to educate care providers about elders with alcoholism and/or mental illness; as well as promote outreach and identification provide and intensive case management. \$277,000 MHTAAR

Innovative Respite / Chore - All Beneficiaries (Yr 2 of 2) — Funding will be used in part to expand allowable tasks for respite workers as a way to explore the universal worker concept. \$187,500 MHTAAR and \$187,500 GF/MH

Mini-grants for Beneficiaries-ADRD —

This program provides Trust beneficiaries with a broad range of equipment and services, not available from any other source, that are essential to directly improving their quality of life and increasing independent functioning. \$260,300 MHTAAR

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

Inclusive Recreation (Yr 2 of 2) — This project provides funds to community recreation providers to include individuals who experience developmental disabilities and mental health consumers in community recreational activities. \$50,000 MHTAAR

Dental Training Program (Yr 2 of 5) — This program would provide 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. Once piloted and evaluated, the training will be made available to other beneficiary groups. \$50,000 MHTAAR

Positive Behavior Support Services (Yr 1 of 1) — Provides funds for eight intensive training and follow-up sessions 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

Mini-grants for DD Beneficiaries — Provides assistance with basic living needs not covered by current grants, such as transportation, clothing and the like, will also be considered. These services will help Trust beneficiaries attain and maintain healthy and productive lifestyles. These items are determined to support beneficiaries in achieving stability and are key supports to gaining self-sufficiency. \$227,500 MHTAAR

DD Waitlist Reduction and Base Grant Restoration — Consumer mini-grants are an important component of a system delivering individualized services to the developmentally disabled that promote recovery and stability. Small grants can create significant opportunities for individual beneficiaries. The state will permit applicants to use non-profit or local governmental entities as pass-through grant agencies. Consumer choice will not be limited to current grantees. \$625,000 GF/MH

Children's Services

Family Preservation

Supported Parenting/Family Support - Parent Beneficiaries (Yr 4 of 5) — This project builds on current efforts in three beneficiary groups to provide necessary support services to parents with disabilities, severe alcohol problems, or mental illness. These services include information and training on parenting and fulfilling parental responsibilities. \$250,000 MHTAAR

Division of Behavioral Health

Grants

Restore ASAP Programs — Restores GF funding cut in FY04 for Alcohol Safety Action Programs around the state. These programs provide a vital accountability link, tracking clients between the courts and treatment providers. \$400,000 MHTAAR

Family Wellness Camps (Yr 5 of 5) — Provides operating funding for new and existing family wellness camps providing substance abuse treatment in rural areas. \$300,000 MHTAAR and \$350,000 GF/MH

Mini-grants for Chronic Alcoholic Beneficiaries — 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. Assistance with basic living needs not covered by current grants, such as transportation, clothing and the like, will also be considered. \$320,700 MHTAAR

API2000 Community Services — This project will provide the intensive community services portion to allow API to operate at 54 beds (down from 74). Completing the transition from time-limited federal and other funds to the state GF/MH base is required in FY05 or crucial elements of the project, such as designated evaluation treatment, will be jeopardized. \$2,830,600 GF/MH

Mental Health Consumer/Family Conference — This project provides leadership training for mental health consumers and their families. The training provides an opportunity for adults with mental illnesses and their families to engage in planning, implementation, and evaluation of mental health policy and service delivery. \$50,000 MHTAAR

Bring the Kids Home Initiative (Yr 1 of 1) — A comprehensive five-year DHS initiative designed to build critical capacity to reduce the number of Alaskan children and youth placed in out-of-state residential treatment centers. \$1,125,000 GF/MH \$1,462,500 Other

Rural Services for Deaf/Hearing Impaired (Yr 7 of 7) — This project provides mental health and substance abuse professionals trained to provide services to individuals who are deaf or who have hearing impairments. \$75,000 MHTAAR

Psychiatric Emergency Services

Rural Mental Health Grant Floor — This GF/MH increment represents the final step in raising the Community Mental Health grant floor. The first step was funded by a GF/MH increment in FY02 and the second in FY03 through Medicaid administrative processes. \$150,000 GF/MH

Rural Mental Health Consultation, Training and Coverage (Yr 5 of 5) — This project consolidates three proposals submitted by the Rural Mental Health Association that are closely related in purpose. Two are current projects, the Rural Mental Health Consultation Project and the Rural Mental Health Conference, and the third creates a clinical coverage resource. The combined projects support rural consultation, training, and grantee assistance under one administrative structure. \$358,500 MHTAAR

Chronically Mentally Ill Services

Independent Case Management and Flexible Support Services (Yr 2 of 5) — Provides Independent Case Managers not related to a Community Mental Health Center, with strong consumer choice in selecting flexible, community-based services. \$150,000 MHTAAR and \$150,000 Other

Mini-grants for Mentally Ill Beneficiaries — Provides assistance with basic living needs not covered by current grants, such as transportation, clothing and the like, will also be considered. These services will help Trust beneficiaries attain and maintain healthy and productive lifestyles. These items are determined to support beneficiaries in achieving stability and are key supports to gaining self-sufficiency. \$388,900 MHTAAR

Traumatic Brain Injury Project (Yr 5 of 6) — Continues the effort to establish a planning and policy advisory council, develop a state plan of services, and provide start-up funding (to be transitioned to Medicaid in FY05) for assessment and treatment of people with

traumatic brain injuries. The request matches a current federal grant. \$100,000 MHTAAR

Clubhouses and Other Consumer Run Programs (Yr 4 of 7) — This requests an extension of the existing project to establish and develop consumer directed and consumer run programs statewide. The ultimate goal is to establish consumer run clubhouses or other peer programs in all communities with a community mental health center. \$200,000 MHTAAR

Beyond Shelter Program: Outpatient Services for Homeless Persons (Yr 2 of 3) — The Beyond Shelter Program provides supports to homeless individuals and their families as they move toward re-establishing a home and self-sufficiency. This project matches a federal SAMSHA grant of \$582,000 designed to help homeless individuals with mental illness and/or substance abuse problems receive treatment while residing in safe affordable housing. \$50,000 MHTAAR

Integrated Supports - Co-Occurring Disorders (Yr 5 of 5) — This project targets adults with co-occurring mental and substance abuse disorders that 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 \$529,000 MHTAAR

Behavioral Health Administration

Assisted Living Licensing Health/Safety Quality Assurance (Yr 4 of 5) — A planning group, consisting of members from Division of Behavioral Health, The Trust, Long Term Care Ombudsman's Office, Division of Senior Services, Disability Law Center, and Governor's Council on Disabilities and Special Education, has been planning 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

Division of Behavior Health/Mental Health Quality Assurance Package (Yr 3 of 3) — This project consolidates MHTAAR funding and GF/MH increments for several ongoing Trust-related projects to create a Safety and Quality Unit for mental health services. \$175,000 MHTAAR

Office of Integrated Housing — Recognizing the affordable housing crisis that exists in Alaska, the Office of Integrated Housing was created within the State's Behavioral Health Department to develop housing and housing opportunities for consumers struggling with mental illness and/or substance abuse. \$150,000 MHTAAR

Developmental Disabilities Quality Assurance Position & Training — These funds will help ensure that Developmental Disability providers meet or exceed the joint program standards established by the Department of Health and Social Services. This proposal would provide new funding for an additional quality assurance position and training for DMH/DD QA Unit staff. \$50,000 GF/MH

Boards and Commissions

Alaska Mental Health Board

Strategic Communications Plan Implementation - AMHB portion (Yr 3 of 3) — This proposal will fund the implementation of a strategic communications plan developed by the four Trust-related boards. It will support an integrated communications plan across advocacy groups, strengthen public awareness of our missions, leverage existing resources, eliminate duplicative efforts, and grow support for beneficiary

services among the general public and policymakers. \$50,000 MHTAAR.

Advisory Board on Alcohol and Drug Abuse Board-Trust Partnership ABADA (Yr 5 of 5) — Funds will be used for cross training and for consistent board member attendance to Trust-related meetings. \$18,000 MHTAAR

Title 47 Initiative Continuation (Yr 4 of 4) — Through community trainings, this project is aimed at strengthening the ability of providers and other authorized persons to utilize the Title 47 Commitment Statute to protect residents who are late stage, chronically substance dependent, and/or other statutorily eligible individuals. \$50,000 MHTAAR

Infrastructure Improvements - ABADA (Yr 3 of 7) — Provides funds for salaries, contracts, workspace and equipment to increase ABADA's capacity for planning. \$85,000 MHTAAR

Strategic Communications Plan Implementation - ABADA portion (Yr 3 of 3) — This proposal will fund the implementation of a strategic communications plan developed by the four Trust-related boards. It will support an integrated communications plan across advocacy groups, strengthen public awareness of our missions, leverage existing resources, eliminate duplicative efforts, and grow support for beneficiary services among the general public and policymakers. \$150,000 MHTAAR

Governor's Council on Disabilities and Special Education

Workforce Development: Recruitment and Retention (Yr 5 of 5) — Funds will support the continuing efforts of the Alaska Alliance for Direct Service Careers to address recruitment and retention issues among all four beneficiary groups. \$150,000 MHTAAR

Inclusive Childcare Extension (Yr 5 of 5) — In its final two years, this project would focus on consumer education, behavioral health, rural outreach and linkages to other agencies. \$100,000 MHTAAR

Board-Trust Partnership for Dental GCDSE (Yr 5 of 5) — The Governor's Council will use funds to add to the donated dental program. \$38,300 MHTAAR

Partners in Policymaking (Yr 5 of 5) — 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 - GCDSE (Yr 3 of 7) — 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

Alaska Commission on Aging

Board Development / Rural Issues - ACoA (Yr 4 of 4) — Funds allow ACoA board to travel to a rural area annually. \$15,000 MHTAAR

ACoA Planner (Yr 3 of 7) — Provides additional Planner to assist ACoA in working with the Mental Health Trust Authority. \$75,500 MHTAAR

Administrative Services

Comprehensive Integrated Mental Health Plan — Via staff at DHSS, this project develops the Comprehensive Integrated Mental Health Plan as required by statute. \$50,000 MHTAAR

DEPARTMENT OF NATURAL RESOURCES

Mental Health Trust Land Office

Mental Health Trust Land Office Administration — The Trust Land Office (TLO), supported by funds derived from Trust Income, manages and develops Alaska Mental Health Trust lands on behalf of the Alaska Mental Health Trust Authority. Annual income earned is available for distribution by the Trust Authority in the following year; principal earned contributes to income distributed in subsequent years \$1,150,000 MHTAAR

DEPARTMENT OF REVENUE

Mental Health Trust Authority

Mental Health Trust Authority Administration — The Trust Authority Administrative Budget is derived from Trust Income and provides the administrative and staff support to the Board of Trustees to complete the Trust Authority's statutory obligation and mission to help improve the lives and circumstances of Trust beneficiaries. \$1,231,800 MHT Admin

Long Term Care Ombudsman — The Long Term Care Ombudsman's Office (LTCO), advocates to ensure and protect the health, safety, welfare, rights and quality of life for Alaskans 60 years of age and older, who reside in long-term care settings, such as nursing homes and assisted living homes. The LTCO is managed by the AMHTA. \$100,000 GF/MH and \$291,200 Other

Disability Justice (Yr 1 of 1) — This initiative is focused on identifying, developing and implementing policies, programs, and service practices across multiple justice and service systems to prevent unnecessary incarceration of beneficiaries. \$150,000 MHTAAR

UNIVERSITY OF ALASKA

University of Alaska Fairbanks

Distance Delivered MSW (Yr 2 of 4) — Project provides funding to match funding allocated by the University of Alaska President for a distance delivered MSW Program. \$50,000 MHTAAR and \$70,000 UAF

ALASKA COURT SYSTEM

District Courts/Anchorage District Court

Therapeutic Justice Initiative (Yr 2) — Provides funding for a staff position in the administrative offices of the Court System to focus exclusively on coordination, planning, evaluation and the development of sustainable funding for therapeutic courts and implementation of the therapeutic justice approach. \$93,100 MHTAAR

Court Coordinated Resource Project (Yr 5 of 6) — This project provides one component of an integrated, comprehensive approach to decriminalizing mental illness. It 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. \$91,600 MHTAAR \$91,600 GF/MH

INDEPENDENTLY ADMINISTERED BY THE TRUST

Partnership Initiative — The funds allow the Trust to develop partnering opportunities with other funding sources in a timely manner. \$1,000,000 MHTAAR

Small Project Grants — The small projects funding is for the one time funding of small grants that 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 — This project will fund one meeting of all four advisory board for the Trust annually for the purpose of sharing and developing collaborative goals and plans. \$20,000 MHTAAR

Rural Outreach Project — Project funds Trust-sponsored visits to rural regions of Alaska. \$25,000 MHTAAR

Rural Technical Assistance (Yr 6 of 6) — Project provides technical assistance and funding coordination to rural regions and small communities. \$125,000 MHTAAR

Beneficiary Self-sufficiency Project (Yr 4 of 5) — The project will expand knowledge of discreet patterns of injustice people with mental illness cope with, improve the way community advocacy groups set priorities, make referrals, and collaborate on behalf of consumers in need of legal assistance. \$65,000 MHTAAR

Therapeutic Justice Initiative - Mini-grants — Provides funds to meet basic/emergent needs of therapeutic court participants to assist their recovery, compliance with court-imposed requirements, or to meet other goals of therapeutic court participation. \$25,000 MHTAAR

Individual Development Accounts (Yr 4 of 6) — The purpose of this project is to assist beneficiaries to foster independence and self-sufficiency — learning to save money and build assets. Individual Development Accounts do this by providing incentives for people who are low income or are using certain public assistance programs to save money to purchase assets such as a home or to develop a small business. \$150,000 MHTAAR

Trust FY05 Capital Recommendations

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

Micro Enterprise Loan Funds — This project will establish a revolving loan fund to support start-up equipment and working capital for beneficiaries who want to be self-employed. \$300,000 MHTAAR

DEPARTMENT OF HEALTH & SOCIAL SERVICES

Update on Issues Affecting Economic Well Being of Alaska Seniors - ACoA — This study will determine the impact of a reduction in senior income and the resulting effect on the safety net to provide senior services. \$30,000 MHTAAR

Medicaid Review & Enhancement Project - DSDS - (Yr 1 of 1) — Via the Division of Senior and Disability Services, this project will explore, develop, and implement ways to use Medicaid to fund new services or maximize resources for existing services to underserved beneficiaries. \$150,000 MHTAAR

Medicaid Review & Enhancement Project - 4 Boards - (Yr 1 of 1) — Via the four Trust-related boards, this project will explore, develop, and implement ways to use Medicaid to fund new services or maximize resources for existing services to underserved beneficiaries. \$150,000 MHTAAR

Transitional Housing for Substance Abusers - Integrated Housing Office — This project will fund capital construction costs to build services enriched transitional housing for individuals recovering from substance use disorders. \$500,000 MHTAAR, \$500,000 GF/MH and \$500,000 Other

Mental Health Consumer Designed and Managed Projects — Proposals request funds to plan or carry out consumer-run facility and community projects. \$250,000 MHTAAR

Coordinated Resource Sharing — Funds will be used to pilot recommendations at the local or regional provider level and provide resources to make changes at the State level (i.e. regulatory changes). \$150,000 MHTAAR

API Stop Gap Repairs — Until the API replacement hospital is ready for occupancy in mid-to-late FY05, API stop gap funds will be necessary to keep an increasingly aged facility running at a functional level. \$225,000 GF/MH

Essential Program Equipment with AKAIMS Priority — The request will provide capital equipment grants through the competitive RFP process for agencies providing services, activities and programs for Mental Health Trust beneficiaries. Priority should be made to fund providers who do not have the minimum of computer equipment to be able to adequately manage the new AKAIMS Behavioral Health MIS system for behavioral health. \$350,000 MHTAAR and \$350,000 GF/MH

Van / Vehicle and Housing Modifications for Families or Individuals — Project would provide funds to individuals with developmental disabilities and/or their families for modifications to make their vehicles and homes accessible. \$300,000 MHTAAR and \$300,000 GF/MH

Deferred Maintenance & Accessibility — This program makes capital funds available on a competitive basis to Mental Health Trust service provider agencies for deferred maintenance and accessibility improvements for program facilities. \$400,000 MHTAAR and \$2,000,000 GF/MH

Health & Social Services Housing Program - AHFC — The 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 NATURAL RESOURCES

TLO Land Development & Value Enhancement — The Trust Land Office contracts for services to supplement its core operations. \$650,000 MHTAAR

ALASKA HOUSING FINANCE CORPORATION

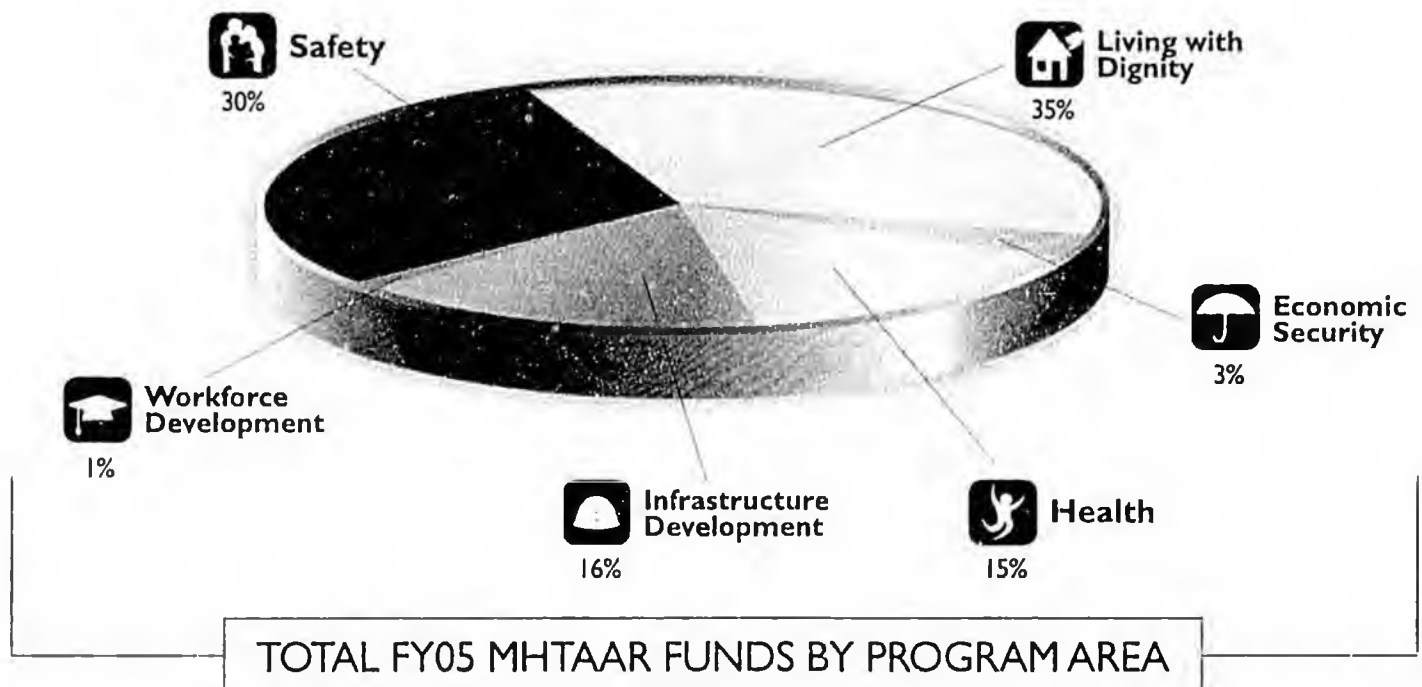
Homeless Assistance Program — Provides grants to assist non-profit organizations, local governments and regional housing authorities in addressing the emergency needs of homeless and near-homeless Alaskans. \$500,000 MHTAAR and \$500,000 AHFC

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

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

Coordinated and Non-coordinated Transportation Needs — This project would fund community assessments of mobility needs and resources and the development of local plans for improving mobility and community transportation services as well as provide funding for coordinated community transportation services and provider-owned vehicles in areas with no coordinated systems or where coordinated systems do not meet beneficiary needs. \$500,000 MHTAAR and \$500,000 Other

The Trust's FY05 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 FY05.



The TRUST

The Alaska Mental Health Trust Authority

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Outcome Highlights for the Year

FY03 timber revenues equaled about \$7.5 million, compared to \$4.5 million in FY02, with the principal source of revenue being The Trust's Thorne Bay timber sale on Prince of Wales Island. The Trust's seven-year Icy Bay timber sale, which generated about \$10 million for The Trust, moved into its close-out phase, with timber harvest operations completed and reclamation operations beginning. Smaller sales continued or occurred in the vicinity of North Kenai, Sitka and Tyonek.

An additional 20,000 acres were leased for oil and gas exploration (West Side Cook Inlet and Nenana areas), resulting in a total of about 70,000 acres under lease by year-end. Additionally, the TLO prepared for a 200,000-acre lease offering in September 2003, including about 40,000 acres in the Kenai River area. Based upon exploration efforts to date, it is highly likely that natural gas production will commence on Trust land as early as the winter of 2004, with associated royalty payments to start when production starts.



TLO staff at the opening of the 2003 oil and gas lease sale

The TLO real estate program completed several multi-year transactions, including the conveyance of 16 acres to the State of Alaska to be used for the new Alaska Psychiatric Hospital and the following land sales: 25 acres in Anchorage to Providence Hospital for \$8 million over six years; 120 acres of Anchorage residential land to a private developer for \$2.1 million; approximately 1,000 acres in Sitka to the U.S. Forest Service for about \$1.4 million; and about 17 acres in Fairbanks to the State of Alaska for \$1,000,000. Additionally, the TLO completed its sixth annual land sale, selling about 40 lots throughout the state, with an overall sale value of over \$1.25 million. Finally,

four new subdivisions were completed (Big Lake, Girdwood, Petersburg and Sitka), adding 59 lots to The Trust's land sale portfolio; over 40 low-rent leases were converted to high value land sales, and significant progress was made on efforts to plan for the redevelopment of Trust land on the Juneau waterfront.



TLO timber being prepared for shipment to market

The TLO's minerals and materials program ended the year with about \$240,000 in revenues, principally from operations at the Fort Knox mine in the Fairbanks area. With gold prices increasing, increased interest in Trust land is expected in FY04.

Future Focus

The TLO will continue efforts to diversify its revenue generating activities, with a special emphasis on facilitating production from oil and gas leases on Trust land. Key projects for the upcoming year include:

- Leasing high-value commercial real estate in Anchorage;
- Completing the Thorne Bay timber sale harvest operations and a strategic plan for harvesting remaining commercial timber on Trust land;
- Facilitating natural gas production from Trust lands in the Tyonek area;
- Encouraging mineral exploration of Trust lands near the Fort Knox mine and in the vicinity of Livengood;
- Completing two significant land sales at Gustavus and Petersburg with a total sale value in excess of \$3 million;
- Offering about 80 parcels for sale in The Trust's annual land sale;
- Developing new subdivisions where it is reasonable to do so; and
- Relocating TLO business offices to a building owned by The Trust in downtown Anchorage.

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

Integrated Behavioral Health Planning Scheduled Nov. 20-21

In partnership with funding from the newly formed Division of Behavioral Health, The Trust is funding a series of facilitated meetings through this fall to plan integrated mental health and substance abuse services throughout Alaska.

A core of approximately 20 key stakeholders, including policy makers, providers and consumer/clients, met first in mid-August and will meet again Nov. 20-21 in Anchorage at a site to be determined. The November meeting will be Web cast so anyone in the state can follow the discussion via the Internet and submit emailed comments and questions. Check The Trust's calendar at www.mhtrust.org for the exact time and location of the meeting.

Since their initial meeting, the stakeholders have separated into working groups on specific issues: continuum of care, outcomes, work force licensing and development, provider networking, financing, communications, and statutory/regulatory change. These work groups are open to anyone willing to commit the time to review the issues and remain involved. The goal is to complete

a written document of recommendations by Dec. 31 for the new Division on how its new integrated service system should be shaped.

If you would like to be informed about the stakeholder group's work or want to be involved in one of the work groups, you can visit <http://bhstakeholders.infoinsights.com>. The site will provide contact and background information, minutes, and work documents from the various work groups and the larger group.

In addition to the external stakeholder planning, both the Advisory Board on Alcoholism and Drug Abuse and the Alaska Mental Health Board are cooperatively managing a facilitated community and regional planning effort, largely funded by The Trust, on behavioral health integration and consolidation of programs. The intent of this effort is to assist communities and regions of Alaska in obtaining technical assistance to plan service system changes for greater efficiencies and improved integrated services. Contact either board if you'd like more information about this process.

To get more news and information, visit www.mhtrust.org