

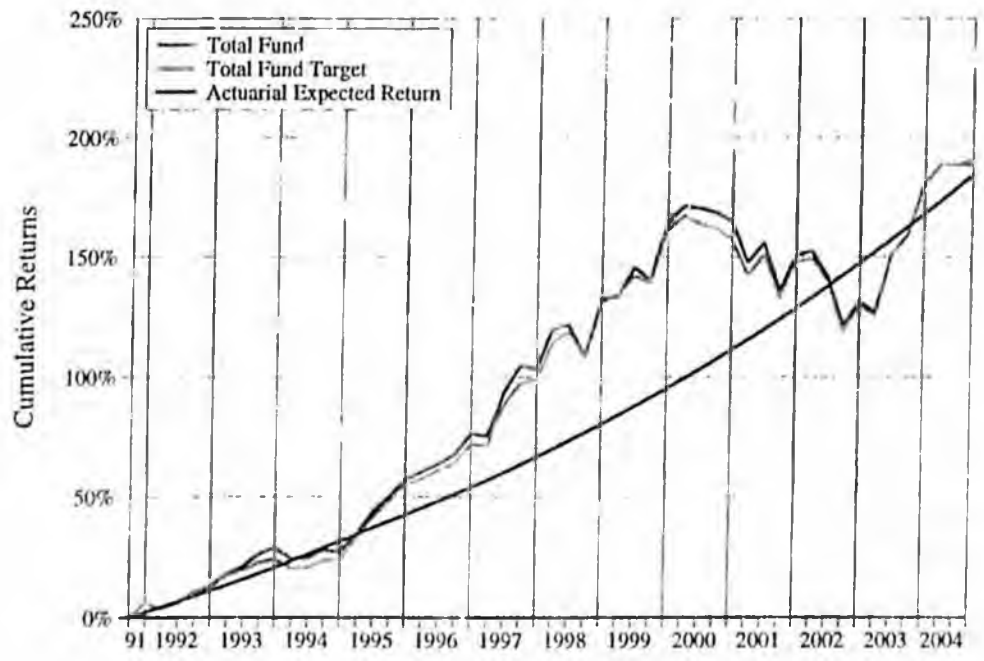
ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2787

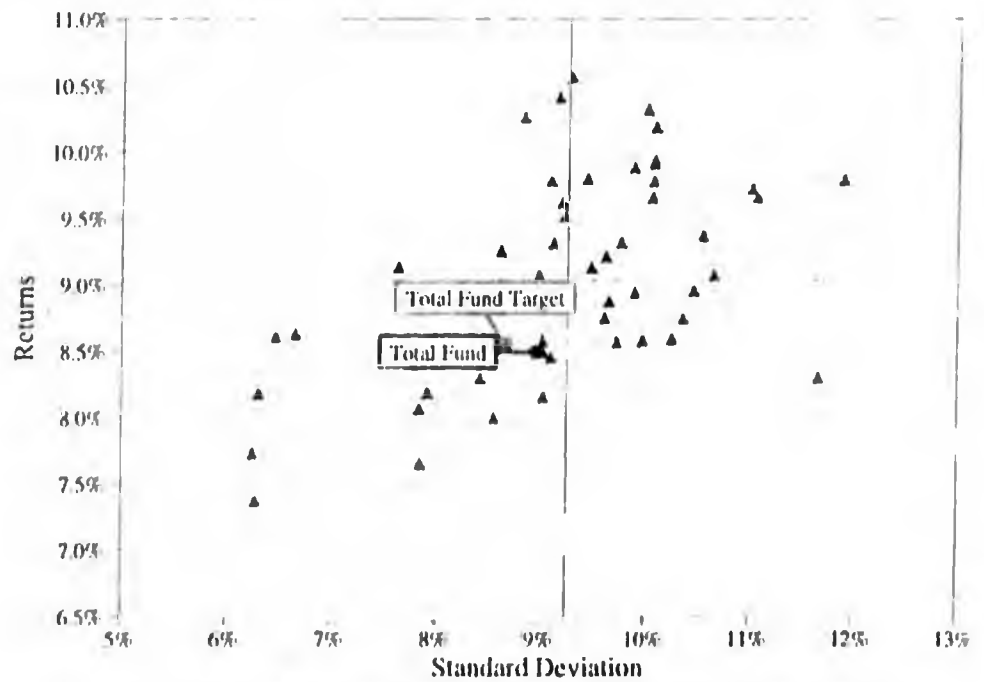
### Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

#### Cumulative Returns Actual vs Target



#### Thirteen Year Annualized Risk vs Return



Triangles represent membership of the CAI Public Fund Sponsor Database

\* Current Quarter Target = 31.0% L/H Agg, 30.0% S&P 500, 15.0% MSCI EAFE Index, 9.0% Total Real Estate DB, 6.0% Russell 2000, 3.0% Non-US Govt World Govt Bd, 2.0% MSCI EAFE Index, 2.0% S&P 500 and 2.0% Russell 2000.

## Historical Returns for PERS and TRS (Fiscal Years)

	PERS	TRS
1 Year	15.08%	15.09%
3 Year	4.06%	4.06%
5 Year	3.29%	3.29%
12.75 year	8.67%	8.73%

Provided by Gary Bader, DOR  
1/28/05

**COMBINED SCHEDULE OF INVESTED ASSETS**  
at Fair Value  
December 31, 2004  
(In thousands of dollars)

Assets Under  
Fiduciary Responsibility  
of the Commission

Other Invested Assets

Participant Directs

Invested Assets Under Fiduciary Responsibility of ASPIB  
Defined Benefit Plan Trust Funds

INVESTED ASSETS	PUBLIC EMPLOYER RETIREMENT	TEACHERS RETIREMENT	SERIALS AND BONDS	INSTANT AUTORELIEF	401K PLAN	DEFERRED COMP PLAN	TOTAL	UNEMPLOYED OR ALMA MATER	ALMA MATER LOAN CORPORATION (H)	ALMA MATER LOAN CORPORATION (S)	SERIALS ON SPILL INVESTMENT FUND (H)	SERIALS ON SPILL INVESTMENT FUND (S)	TOTAL	REVENUE FROM ASSETS	GRAND TOTAL
Investment Services Fund	343	686	62	24			1,115						23,248	1,822,817	1,846,032
Investment Services Fund Income Pool													23,248	1,822,817	1,846,032
Investment Services Fund Income Pool	1,364,878	617,684	8,327	8,724			1,991,613						83,776	1,991,613	2,075,326
Investment Services Fund Income Pool	776,466	318,266	11,881	2,146			1,108,759							1,108,759	1,219,518
Investment Services Fund Income Pool								26,432						26,432	26,432
Investment Services Fund Income Pool	348,668	164,875	2,416				515,959							515,959	515,959
Investment Services Fund Income Pool															26,432
Investment Services Fund Income Pool	3,465,566	1,861,329	29,293	4,367			5,360,555							5,360,555	5,360,555
Investment Services Fund Income Pool	1,432,251	678,884	13,818	1,884			2,134,837							2,134,837	2,134,837
Investment Services Fund Income Pool	124,436	67,224					191,660							191,660	191,660
Investment Services Fund Income Pool	311,886	147,143					459,029							459,029	459,029
Investment Services Fund Income Pool	793,176	388,247	7,427				1,188,850							1,188,850	1,188,850
Investment Services Fund Income Pool	11,317	5,246					16,563							16,563	16,563
Investment Services Fund Income Pool	191,886	98,388					290,274							290,274	290,274
Investment Services Fund Income Pool															164
Investment Services Fund Income Pool	8,824,291	4,673,832	74,618	15,437			13,578,178	47,936	50,746	193,246	174,176	23,248	443,346	13,621,524	13,621,524
Investment Services Fund Income Pool															3,389
Investment Services Fund Income Pool	8,824,291	4,673,832	74,618	15,437			13,578,178	47,936	50,746	193,246	174,176	23,248	443,346	13,621,524	13,621,524
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**COMBINED SCHEDULE OF INVESTED ASSETS**  
 at Fair Value  
 December 31, 2004  
 (in thousands of dollars)

	CONSTITUTIONAL BUDGET RESERVE FUND		PUBLIC SCHOOLS TRUST FUND		ALAKA CHILDREN'S TRUST		INTERNATIONAL AIRPORTS		PENSION HEALTH INSURANCE		GENERAL DELIQUENT BONDS		TOTAL		
	YEAR	SUBACCOUNT	GENERAL FUND AND OTHER NON- REVENUE FUND INVESTMENTS	PERMANENT FUND DIVIDEND FUND (1)	PRINCIPAL	INCOME	PRINCIPAL	INCOME	INVESTMENT LOAN TRUST	POWER COST EQUALIZATION EMPOWERMENT FUND	88 TRUST	(See page three for details)		(See page four for details)	(See page four for details)
<b>INVESTED ASSETS</b>															
Workmen's Fund Income Fund	300,645	84	729,791	36,548	847	8,983	12	255	2,196	10	1,842	116,654	44,274	368,488	1,832,917
Intermediate-term Fixed Income Fund	848,498		831,386									133,730	41,852		1,066,796
Fixed Mutual Fund Income Fund	341,910	179,648			796,392		5,750			86,296		1,221	64,910		836,426
Retirement Fixed Income Fund															
External Domestic Fixed Income Fund															
Non-revolving Domestic Fixed Income Fund															
International Fixed Income Fund															
Tobacco Revenue Fixed Income Fund			36,853												36,853
Real Estate Fixed Income Fund and other investments			16,778												16,778
Domestic Equity Fund															
Foreign Investment Domestic Equity Fund		106,516			138,865		4,731			68,527			47,111		616,389
International Equity Fund															
Risk International Equity Fund		81,622								35,762			18,943		177,930
Emerging Markets Equity Fund															
Energy Equity Fund															
Real Estate Fund															
Other Investment Fund															
Agribusiness Fund															
Mortgage-related assets															
Total investments	1,889,425	456,278	1,316,968	36,548	304,613	8,983	19,542	233	2,196	184,846	1,842	233,812	244,542	368,488	4,816,471
Income earned, net of distribution from (to) other funds	772		1,215	83	816	18	30	1	8			248	92	849	3,066
Total managed investments	1,791,192	456,278	1,318,183	36,548	305,429	9,001	19,572	234	2,204	184,846	1,842	234,060	244,634	369,337	4,819,537
Total invested assets	1,791,192	456,278	1,318,183	36,548	305,429	9,001	19,572	234	2,204	184,846	1,842	234,060	244,634	369,337	4,819,537

**COMBINED SCHEDULE OF INVESTMENT INCOME AND CHANGES IN INVESTED ASSETS**  
 for the period July 1, 2004 through December 31, 2004  
 (in thousands of dollars)

Workmen's Fund Income Fund	3,347	1	4,162	521	51	94	1	2	53		27	1,230	413	3,275	14,144
Intermediate-term Fixed Income Fund	17,440		16,390									2,495	836		20,930
Fixed Mutual Fund Income Fund	13,840	8,866			8,747		230			2,951		136	3,322		33,960
Retirement Fixed Income Fund															
External Domestic Fixed Income Fund															
Non-revolving Domestic Fixed Income Fund															
International Fixed Income Fund															
Tobacco Revenue Fixed Income Fund			478												478
Real Estate Fixed Income Fund and other investments					1,553										1,553
Domestic Equity Fund															
Foreign Investment Domestic Equity Fund		14,636			18,263		353			4,061			4,938		35,613
International Equity Fund															
Risk International Equity Fund		19,749								6,162			2,466		26,317
Emerging Markets Equity Fund															
Energy Equity Fund															
Real Estate Fund															
Other Investment Fund															
Agribusiness Fund															
Mortgage-related assets															
Total investment income (loss)	33,827	32,338	18,968	2,074	17,621	64	361	2	61	14,423	27	1,926	18,355	3,275	136,618
Total invested assets, beginning of period	1,686,276	417,630	1,182,722	10,714	287,243	11,236	18,041	236	848	178,383	2,563	202,378	208,853	367,647	4,011,833
Net investment income (loss)	29,600		181,467	25,046	4,416	(6,814)	67	(1,35)	(4,301)	(8,886)	(1,31)	(67,401)	27,422	(81,186)	73,394
Transfers from (to) other funds			2,874	(2,074)	(9,219)	2,219	(1,62)	(182)							
Commission structure			51							5			3		16
Total invested assets, end of period	1,791,192	456,278	1,318,183	36,548	305,429	14,470	18,321	306	2,172	184,846	1,842	234,060	244,634	369,337	4,819,537

(1) Includes all fixed fund income earned in the U.S. Government debt fund of Agency debt. CDO returns are reported in the "Other" category of income.  
 (2) Commission fee related to the sale of fixed income securities.  
 (3) Transfer from (to) other funds.

**COMBINED SCHEDULE OF INVESTED ASSETS**  
at Fair Value  
December 31, 2004  
(In thousands of dollars)

INTERNATIONAL AIRPORTS	BOND PROCEEDS										TOTAL
	REVENUE / REPAIR & REPLACEMENT	Series 1988A	Series 1999B	Series 1999C	Series 2002A	Series 2002B	Series 2002 Reserve	Series 2003A	Series 2003B	Series 2003 Reserve	
<b>INVESTED ASSETS</b>											
Short-term fixed income fund	18,096	8,378	8,274	2,197	3,188	31,848	8,423	21,298	13,174	3,858	118,854
Intermediate-term fixed income fund	98,732					3,298	33,881				133,730
Fixed Market fixed income fund							1,778				1,778
Northward fixed income fund											
Global Emerging Markets fixed income fund											
Non-restricted Domestic fixed income fund											
International fixed income fund											
Tobacco Revenue fixed income fund											
Individually held debt securities and other investments											
Domestic Equity Fund											
Non-restricted Domestic Equity fund											
International Equity fund											
Global Emerging Markets Equity fund											
Emerging Markets Equity fund											
Fixed Income Equity fund											
Fixed Income Equity fund											
Other investment fund											
Asset Backed Fund											
Mortgage related assets											
Total investments	116,828	8,378	8,274	2,197	6,448	68,398	13,883	21,298	13,174	3,858	251,813
Less: non-redeemable	36	17	11	4	7	87	28	48	27	8	214
Income earned, but not distributed from (to) other funds											
Total managed investments	116,813	8,361	8,263	2,193	6,441	68,311	13,855	21,250	13,147	3,850	251,639
Total invested assets	116,813	8,361	8,263	2,193	6,441	68,311	13,855	21,250	13,147	3,850	251,639

**COMBINED SCHEDULE OF INVESTMENT INCOME AND CHANGES IN INVESTED ASSETS**  
for the period July 1, 2004 through December 31, 2004  
(In thousands of dollars)

Short-term fixed income fund	173	77	58	21	33	364	87	328	128	16	1,238
Intermediate-term fixed income fund	1,726					78	881				2,485
Fixed Market fixed income fund							195				195
Northward fixed income fund											
Global Emerging Markets fixed income fund											
Non-restricted Domestic fixed income fund											
International fixed income fund											
Tobacco Revenue fixed income fund											
Individually held debt securities and other investments											
Domestic Equity Fund											
Non-restricted Domestic Equity fund											
International Equity fund											
Global Emerging Markets Equity fund											
Emerging Markets Equity fund											
Fixed Income Equity fund											
Fixed Income Equity fund											
Other investment fund											
Asset Backed Fund											
Mortgage related assets											
Total investment income (loss)	1,901	77	58	21	108	77	282	328	128	16	3,028
Total invested assets, beginning of period	114,387	8,211	8,113	2,938	8,872	73,383	12,828	48,881	18,888	3,873	262,178
Net transfers from other funds	(788)	(1,181)	(178)	(798)	(1,881)	(8,123)	(1,661)	(28,881)	(2,811)	(87)	(42,281)
Impairment provisions											
Total invested assets, end of period	116,813	8,361	8,263	2,163	6,991	65,260	11,167	20,000	16,077	2,986	254,639

See Note

- (a) Individually held debt securities include (i) U.S. Government debt, (ii) state and agency debt, (iii) foreign government debt, (iv) commercial mortgage-backed securities, (v) corporate debt securities, (vi) structured finance, (vii) asset-backed securities, (viii) convertible debt, (ix) preferred stock, (x) common stock, (xi) real estate investment trusts, (xii) other securities.
- (b) Corporate debt securities include (i) structured finance, (ii) asset-backed securities, (iii) convertible debt, (iv) preferred stock, (v) common stock, (vi) real estate investment trusts, (vii) other securities.
- (c) Corporate fixed investment fund includes all the Corporate Equity fund.

**COMBINED SCHEDULE OF INVESTED ASSETS**  
of Fair Value  
December 31, 2004  
(In thousands of dollars)

INVESTED ASSETS	GENERAL OBLIGATION BONDS			EDUCATION AND BURELUE FACILITY	TRANSPORTATION PROJECTS	ACCELERATED TRANSPORTATION	TOTAL			
	Series 2003A							Series 2003B		
	MAJOR MEDICAL	LONG TERM CARE	TOTAL							
Charter Fund Income Fund	66,763	1,813	68,576							
Intermediate Term Fund Income Fund	41,882		41,882	126,194	96,674	83,917	306,665			
Fund Market Fund Income Fund	94,370	13,143	107,513							
Robinson Fund Income Fund										
Global Domestic Fund Income Fund										
Non-refunded Domestic Fund Income Fund										
International Fixed Income Fund										
Tobacco Revenue Fund Income										
Participating preferred securities and other investments										
Domestic Equity Fund										
Non-refunded Domestic Equity Fund		47,511	47,511							
International Equity Fund										
RJA International Equity Fund		18,945	18,945							
Emerging Markets Equity Fund										
Global Equity Fund										
Risk Equity Fund										
Other investment funds										
Available Return Fund										
Management fees										
<b>Total investments</b>	<b>143,791</b>	<b>196,753</b>	<b>340,544</b>	<b>126,194</b>	<b>96,674</b>	<b>83,917</b>	<b>368,485</b>			
Income received	90	2	92	298	297	176	869			
Income earned but not distributed from (to) an investee										
<b>Total managed investments</b>	<b>143,881</b>	<b>196,753</b>	<b>340,636</b>	<b>126,492</b>	<b>96,971</b>	<b>84,093</b>	<b>369,334</b>			
Participated direct investments										
<b>Total invested assets</b>	<b>143,881</b>	<b>196,753</b>	<b>340,636</b>	<b>126,492</b>	<b>96,971</b>	<b>84,093</b>	<b>369,334</b>			

**COMBINED SCHEDULE OF INVESTMENT INCOME AND CHANGES IN INVESTED ASSETS**  
for the period July 1, 2004 through December 31, 2004  
(In thousands of dollars)

Charter Fund Income Fund	408	13	421	1,417	1,011	848	3,275
Intermediate Term Fund Income Fund	836		836				
Fund Market Fund Income Fund	1,947	1,335	3,282				
Robinson Fund Income Fund							
Global Domestic Fund Income Fund							
Non-refunded Domestic Fund Income Fund							
International Fixed Income Fund							
Tobacco Revenue Fund Income							
Participating preferred securities and other investments							
Domestic Equity Fund							
Non-refunded Domestic Equity Fund		1,136	1,136				
International Equity Fund							
RJA International Equity Fund		2,464	2,464				
Emerging Markets Equity Fund							
Global Equity Fund							
Risk Equity Fund							
Other investment funds							
Available Return Fund							
Management fees							
Participated direct investments							
<b>Total investment income (loss)</b>	<b>3,221</b>	<b>2,512</b>	<b>5,733</b>	<b>1,417</b>	<b>1,011</b>	<b>848</b>	<b>3,275</b>
<b>Total invested assets, beginning of period</b>	<b>119,970</b>	<b>87,703</b>	<b>207,673</b>	<b>178,832</b>	<b>918,190</b>	<b>92,826</b>	<b>367,647</b>
Net contributions with respect to:							
Investments from (to) other funds	21,760	8,610	27,621	(12,900)	(10,110)	(9,880)	(31,190)
Investment fees							
<b>Total invested assets, end of period</b>	<b>143,881</b>	<b>196,753</b>	<b>340,636</b>	<b>126,492</b>	<b>96,971</b>	<b>83,937</b>	<b>369,334</b>

Notes:

- (a) Includes Equity Fund Income Fund, Government debt, Federal Agency debt, CDs, repurchase agreements, MBS, CDOs, Cash, and other investments.
- (b) Represents the net change in the value of the investments during the period.
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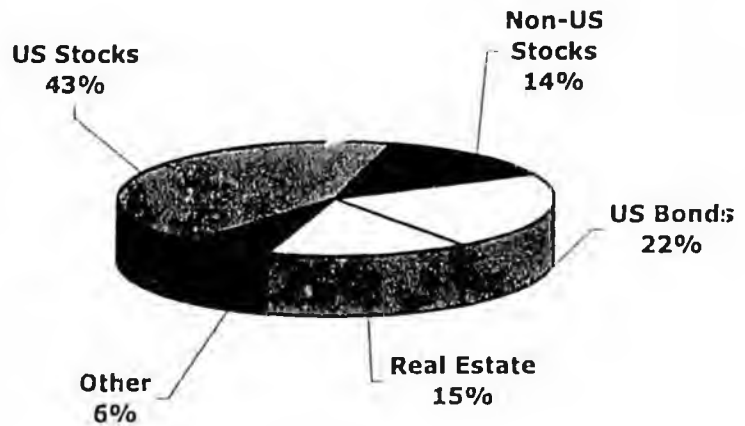
ADVISORS

**SFIN**

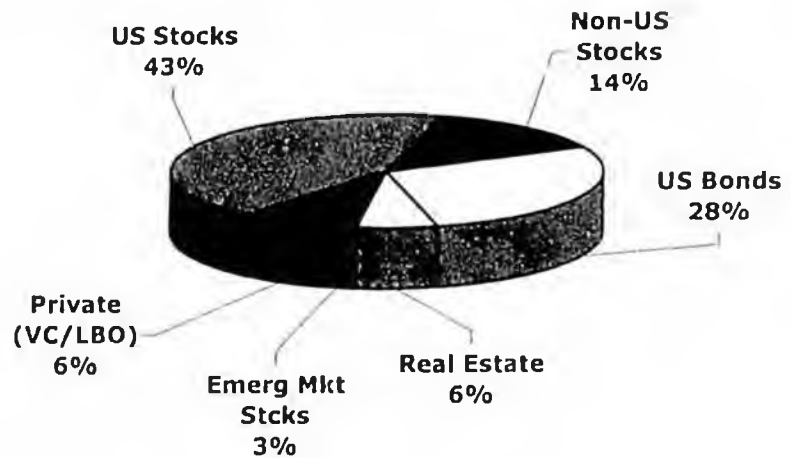
**FILE**

# Asset allocation of the Massachusetts Pension Reserves Investment Trust Fund

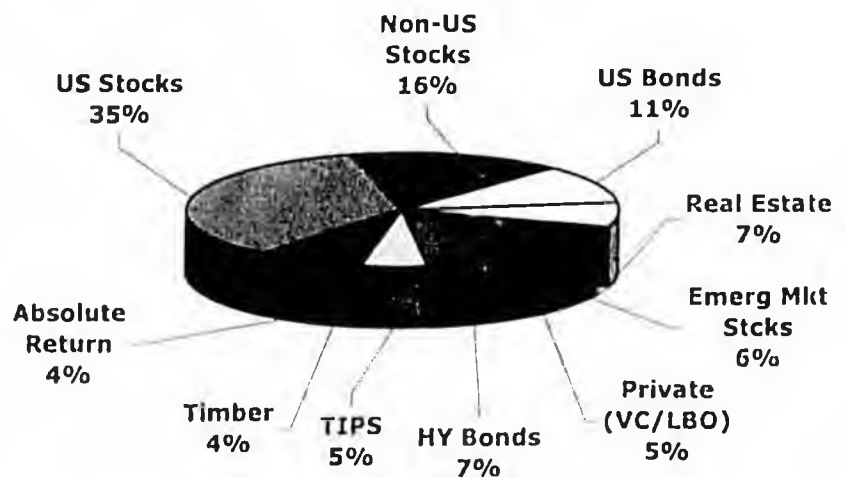
**1990**  
Five asset classes



**2000**  
Six asset classes



**2004**  
Ten asset classes



## **What has the PRIT Fund done?**

- 1. Increased asset classes from 5 to 10.**
- 2. Increased sub-asset classes to 15.**
- 3. Increased less liquid investments.**
- 4. Increased non-correlation of asset classes.**
- 5. Est. return 8.3%, est. risk 11.5%**

## **Goals**

- 1. Meet 8 ¼ % actuarial return target.**
- 2. Reduce risk by increasing non-correlation.**
- 3. Continue to diversify.**
- 4. Benefit from less liquid, higher return asset classes.**
- 5. Use indexing in public markets where appropriate.**



# Alaska Permanent Fund Corporation

## 2005 Capital Market Outlook

Michael J. O'Leary CFA  
Executive Vice President  
February 2005



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	1999	2000	2001	2002	2003	2004	Avg Ann Return Five Years 2000-04
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Russell 1000	20.91	-7.79	-12.45	-21.65	29.83	11.40	1.76
S&P 500	21.04	-9.10	-11.88	-22.10	28.83	10.88	-2.30
Russell 2000	21.26	3.02	2.49	-20.48	47.25	18.33	6.61
EAFE (\$US)	26.96	-14.17	-21.44	-15.94	38.59	20.25	-1.14
ED Aggregate	-0.82	11.63	8.13	10.26	4.10	4.33	7.71
S&P Non-US Bonds	-5.07	-2.63	-3.54	21.99	18.52	12.14	8.70
90-day T-bill	4.85	6.18	4.42	1.78	1.15	1.33	2.95
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- U.S. economy all of the sudden looked hot in 2004, but the expansion has been underway for several years, and growth has actually continued at an orderly, if unspectacular pace.
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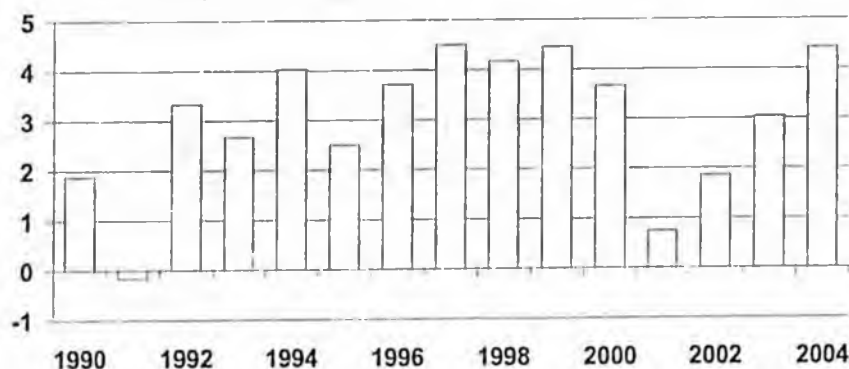
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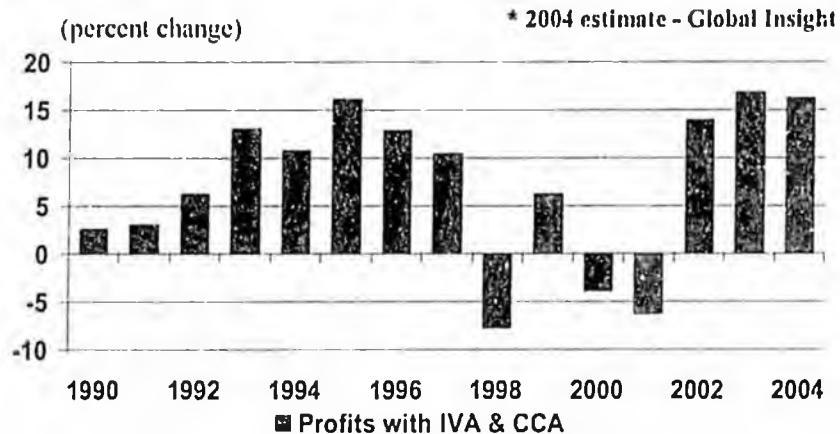
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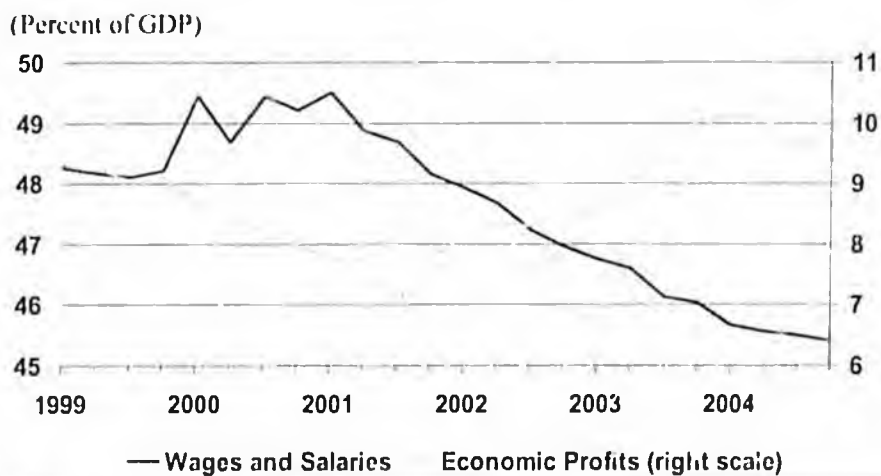


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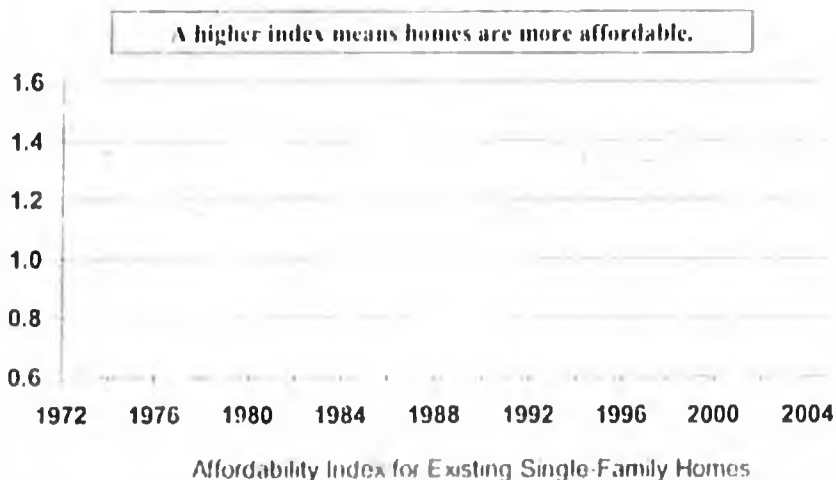
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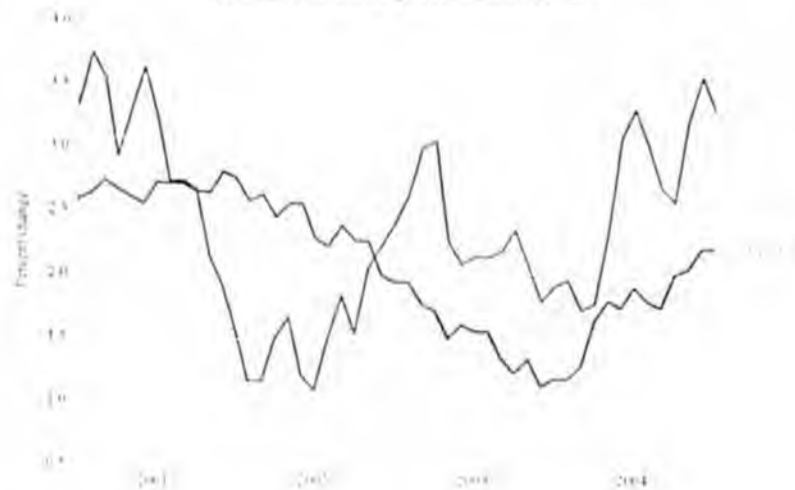
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Year-Over-Year Change in Consumer Prices



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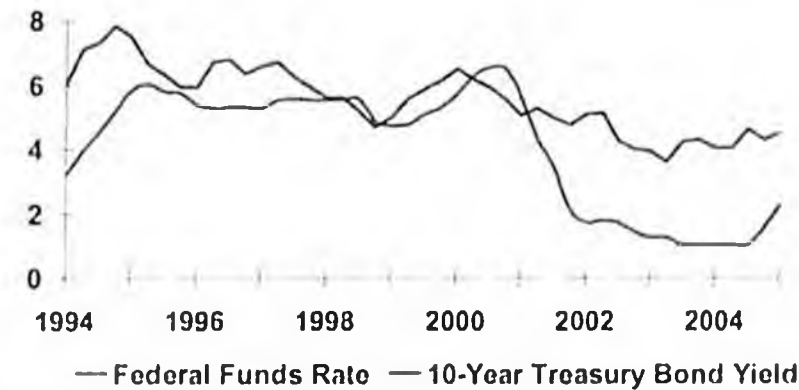
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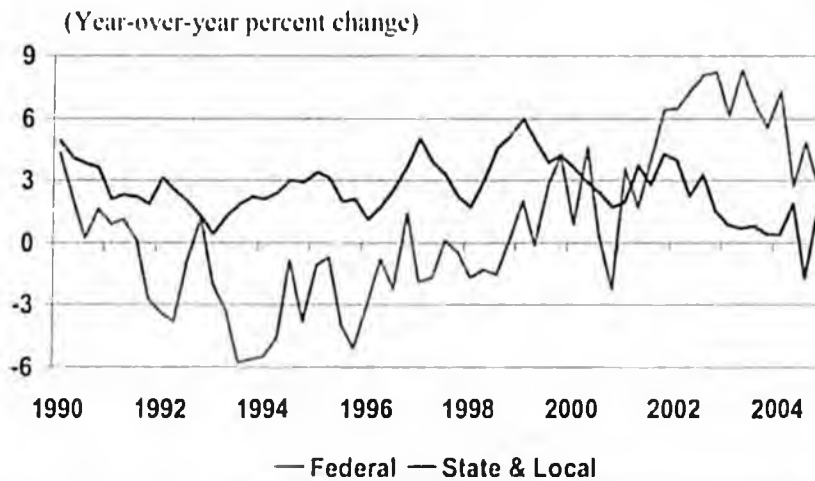


(Percent)



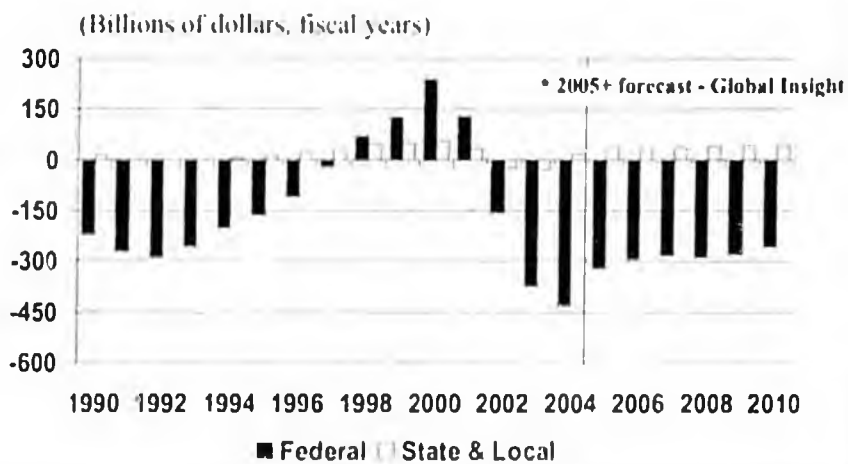
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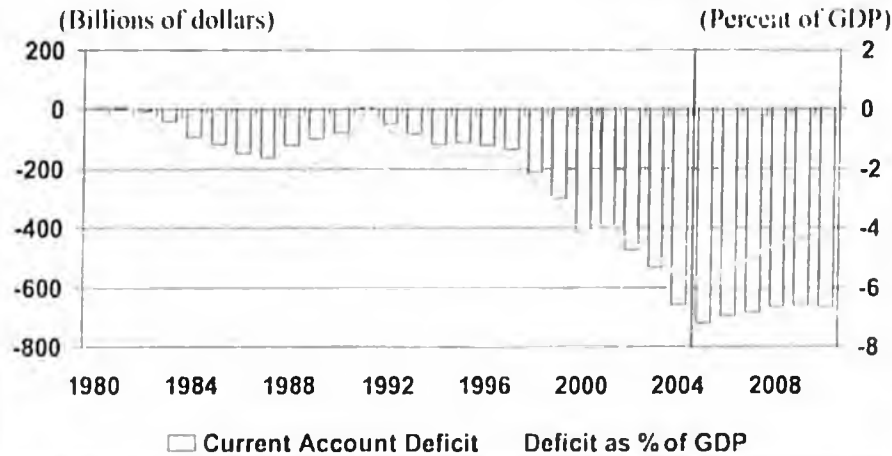


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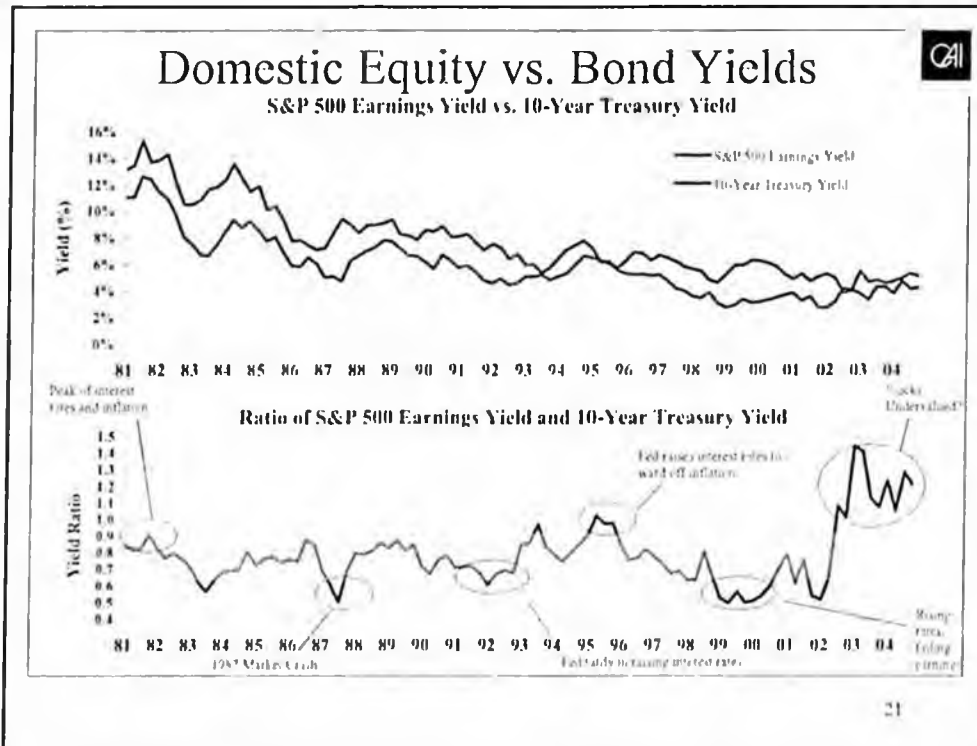
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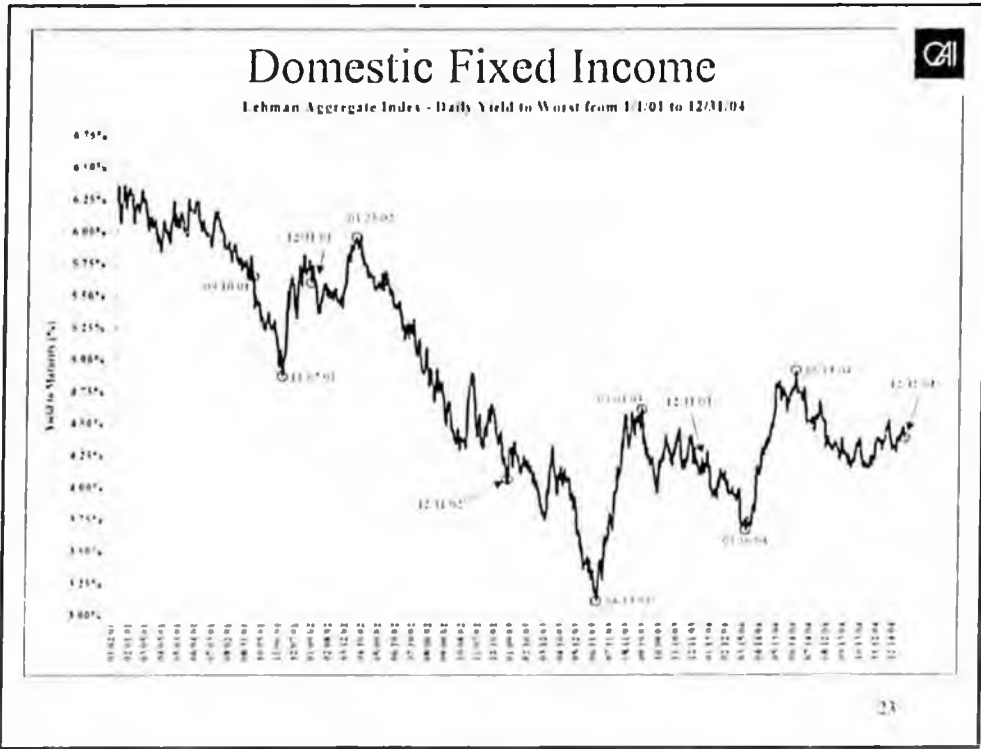
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### Bond Market Faces a Challenging Environment

- With inflation in check, investors poured money into bonds following the bursting of the stock market bubble, driving prices up and yields to 40-year lows.
- Corporate (and particularly high yield) spreads widened through 2002, then staged a remarkable comeback in 2003 and 2004.
- Long-term secular decline in inflation since early 80s fueled bond market returns that may not be seen again for a long time.
- Looking forward, current yields and expectations for inflation and interest rates drive expected future returns. With low current yields and the potential for rising interest rates as the economy expands, prospects for future bond market gains may have faded. The best case for bonds is a faltering economy.

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- ### 2005 Capital Market Projections
- Essentially no changes from last year's projections!
  - Inflation is held at 2.6%, depicting inflation rising from current low levels.
  - Cash returns reflect rising short-term yields, but still low real return of 0.4%.
  - Bond returns held at 4.75% :
    - reflects current yield-to-worst, plus small adjustment
    - build in moderate increase in short rates, relatively stable long rates, higher realized yields on mortgages and shorter term debt is rolled
  - Equity returns built from fundamentals: 3-4% real GDP growth which means 5.5%-6.5% nominal earnings growth, 2% dividend yield, 0.5%-1% "buyback" yield.
  - Real estate return held at 7.6%, reflecting income expectations as high as 7% but acknowledging potential valuation limits.
  - Private equity return held at 12%, a 3% premium over public markets.
  - Premiums of international equity over domestic and small cap over large cap have been narrowed, reflecting recent performance and relative valuations.
- 24



## 2005 Capital Market Projections

### Summary of 5-Year Capital Market Projections (2005-2009)

Asset Class	Index	Projected	Projected Standard	Projected Yield	2004 Projections	
		Annual Return	Deviation (Risk)			
<b>Equities</b>						
Broad Domestic Equity	Russell 3000	9.00%	16.90	2.10	9.00%	16.90
Large Cap	S&P 500	8.85%	16.40	2.20	8.80%	16.20
Small Mid Cap	Russell 2000	9.85%	22.50	1.20	10.10%	21.90
International Equity	MSCI EAFE	9.25%	20.10	2.20	9.30%	20.30
Emerging Markets Equity	MSCI EM	9.80%	31.00	0.00	9.80%	31.00
<b>Fixed Income</b>						
Domestic Fixed	IB Aggregate	4.35%	4.50	4.75	4.35%	4.50
Defensive	IB Govt 1-5 Year	4.00%	3.15	4.00	4.00%	3.15
HIPS	IB HIPS	4.40%	6.00	4.40	4.40%	6.00
High Yield	CSI High Yield	6.75%	12.10	6.75	6.75%	12.10
Non-US Fixed	CSI Non-US Govt	4.65%	9.60	4.65	4.65%	9.60
<b>Other</b>						
Real Estate	Callan Real Estate	7.60%	16.50	7.00	7.60%	16.50
Private Equity	AI-Post Venture Cap	12.00%	13.00	0.00	12.00%	13.00
Absolute Return	*	6.50%	10.50	0.00	6.50%	10.50
Cash Equivalents	90 Day T-Bill	3.00%	0.00	3.00	2.50%	0.50
Inflation	CPI	2.60%	1.40		2.60%	1.40

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## Major Asset Classes Only

### Asset Mix Alternatives Optimization Set 2003

Asset Class	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5	Mix 6	Mix 7	Mix 8	Mix 9	Mix 10	Mix 11
Broad Domestic Equity	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	110%
International Equity	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Domestic Fixed	100%	80%	70%	60%	50%	40%	30%	20%	10%	0%	0%
Non-US Fixed	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Real Estate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Private Equity	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Absolute Return	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cash Equivalents	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

26

2/17  
Joint w/ those Fin.  
FK Perm Fund

Hawker  
Stoltz  
Holmes  
Meyer  
Chenault  
Croft  
Wey

Crawford  
Olson

Wagner



## Alaska Permanent Fund Corporation

# 2005 Capital Market Outlook

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Executive Vice President  
February 2005

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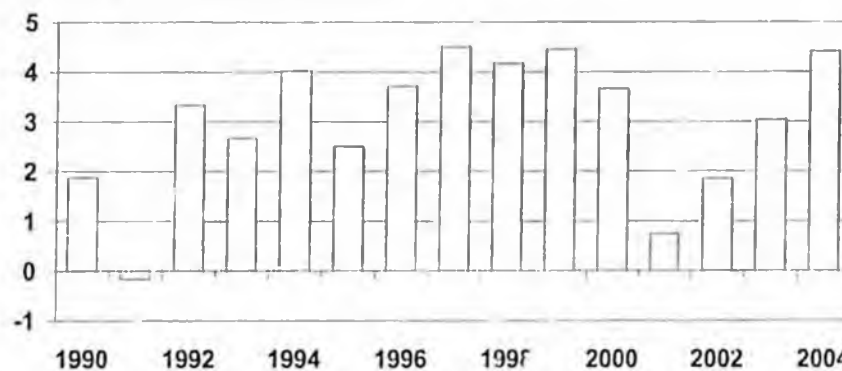
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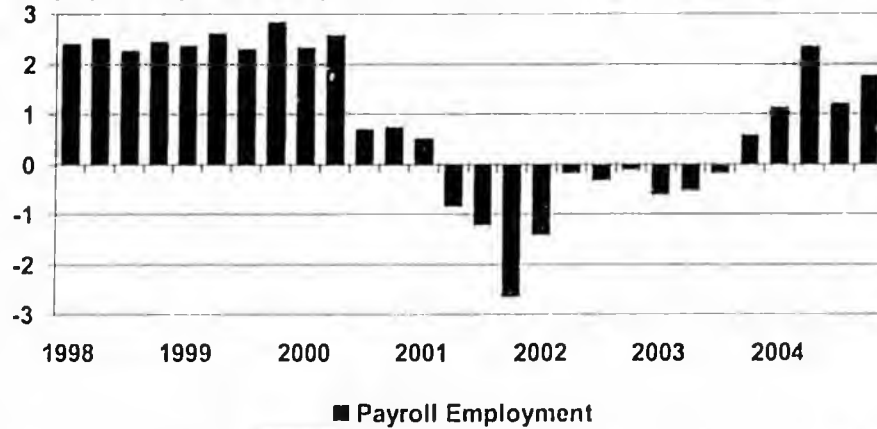
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## Employment Slowly Recovers



December 2004 employment remains 240,000 below its March 2001 peak.

(Employment - percent change, annual rate)



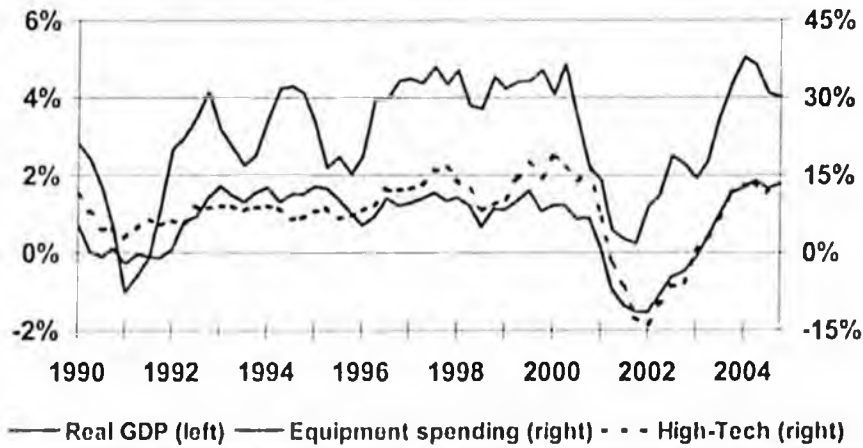
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## Industrial Production Is Rebounding

*Capital Spending Follows GDP*

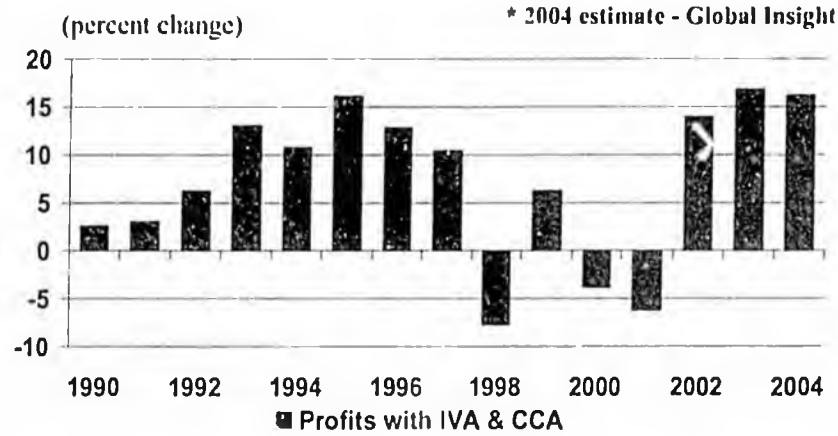


(4-quarter percent change)



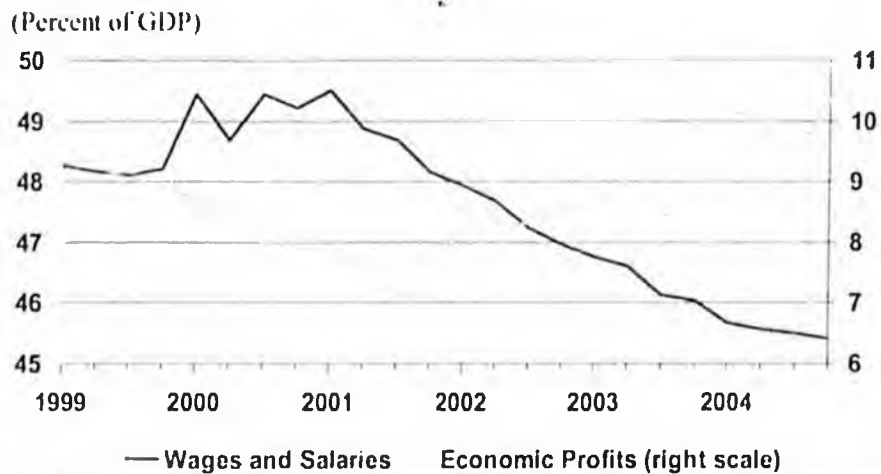
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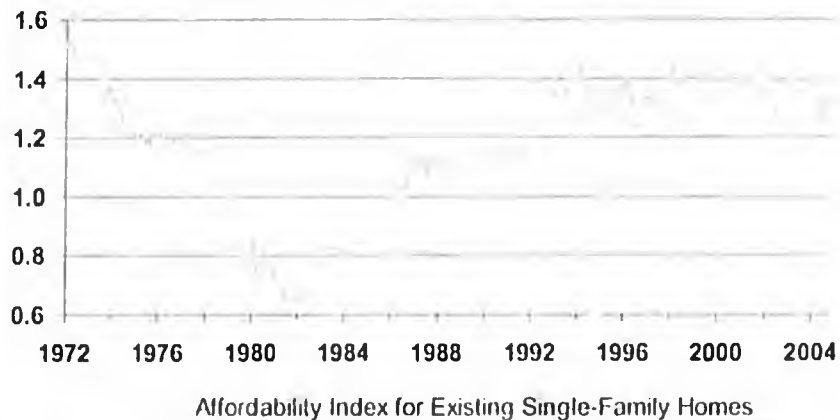
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A higher index means homes are more affordable.



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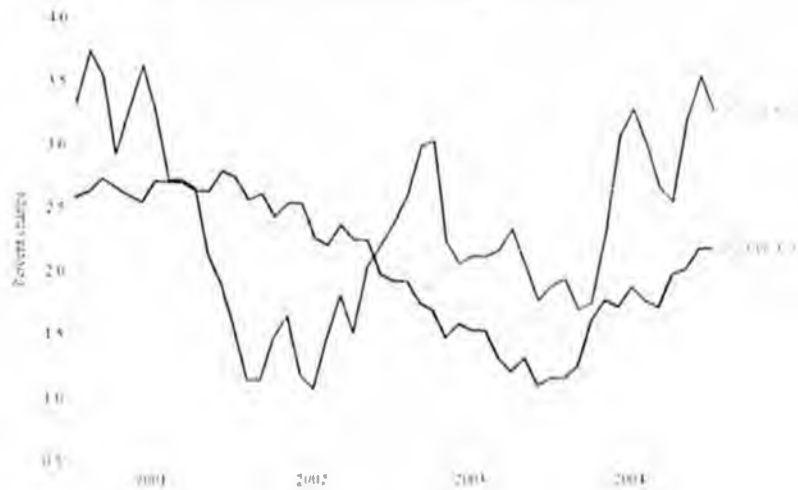
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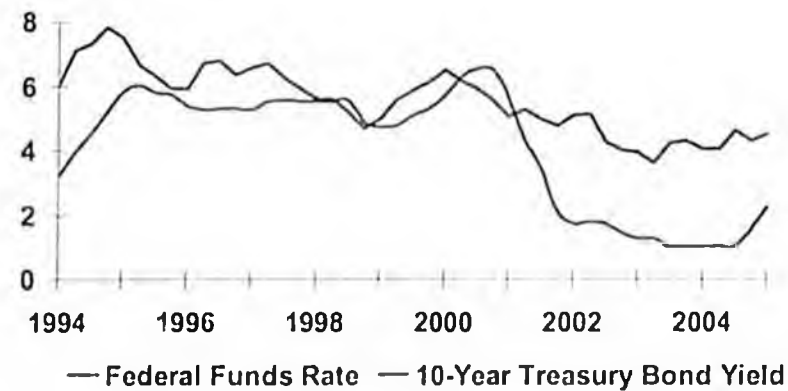


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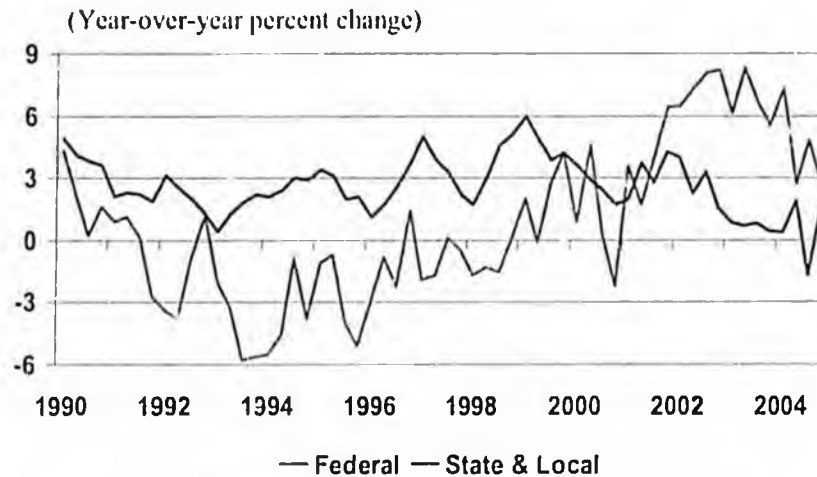
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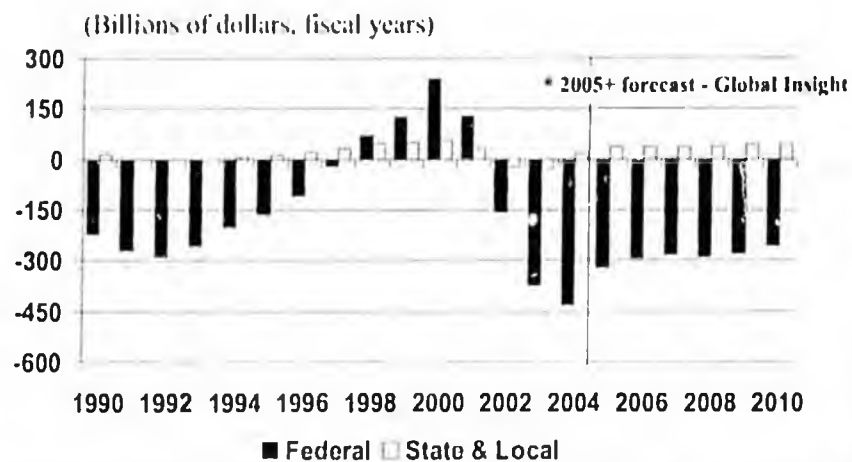


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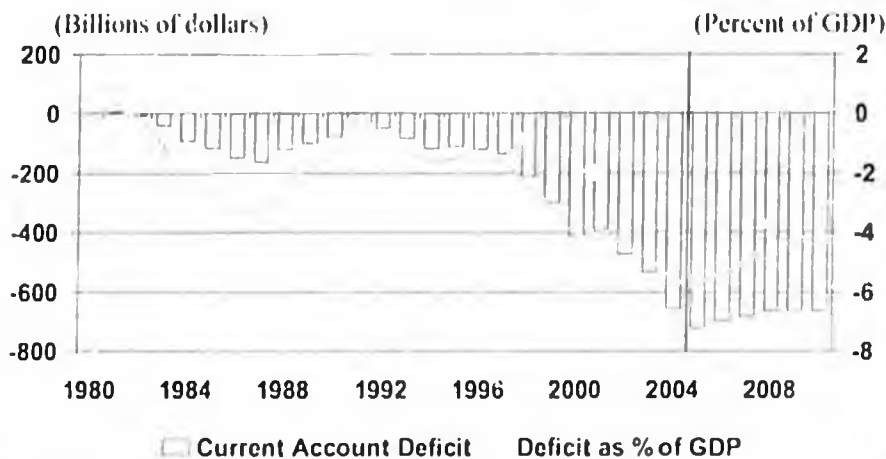


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\* 2005+ forecast - Global Insight



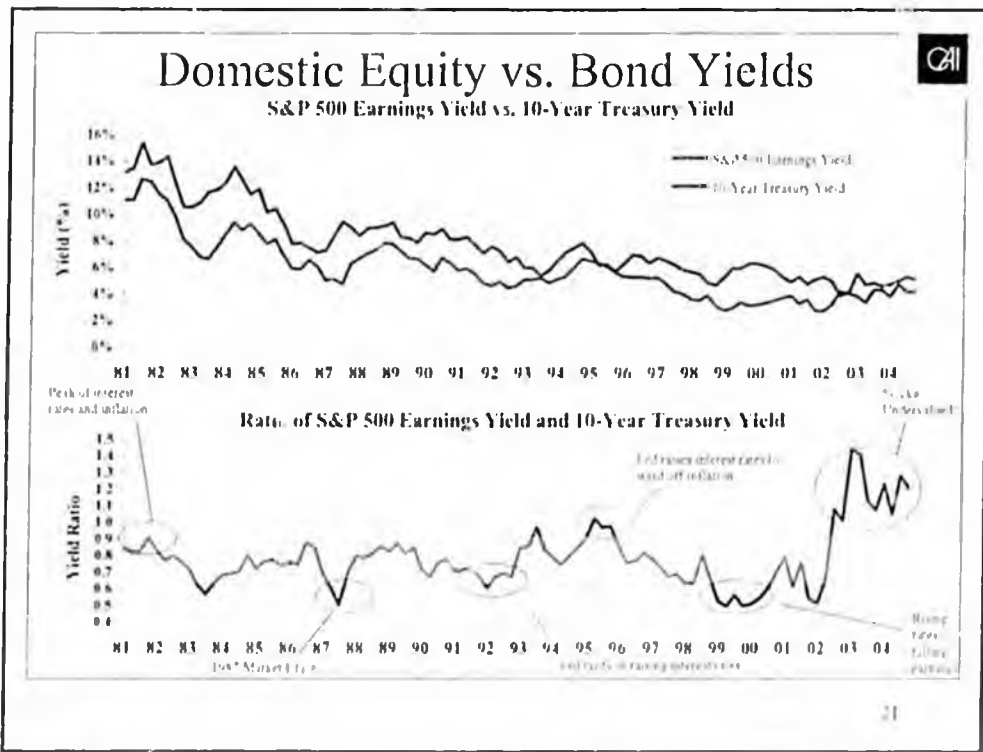
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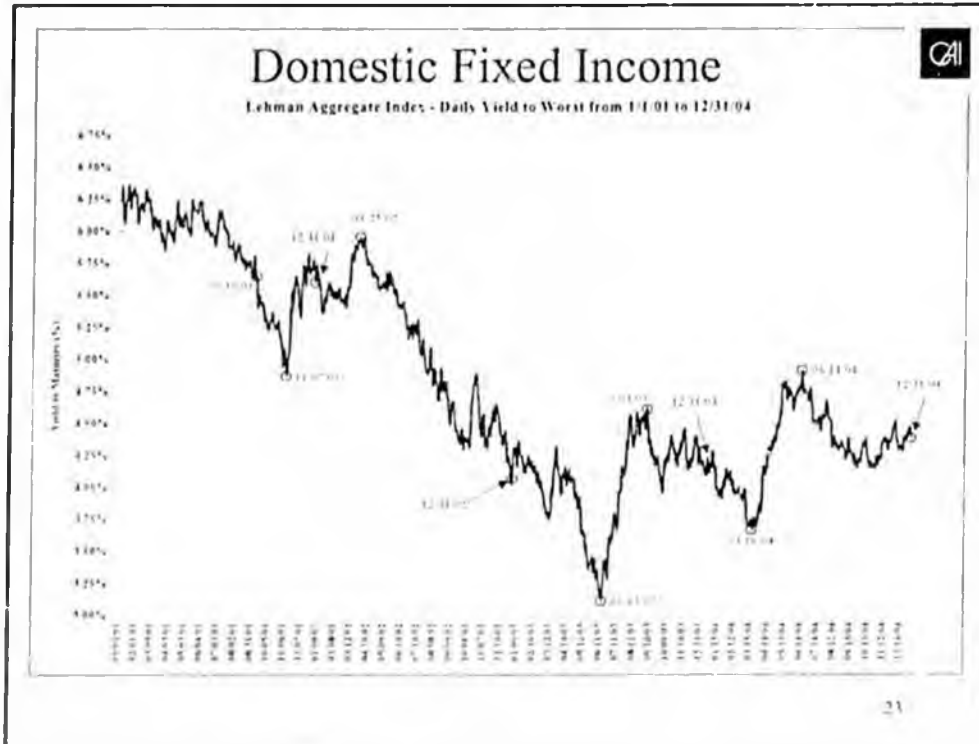
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- Corporate (and particularly high yield) spreads widened through 2002, then staged a remarkable comeback in 2003 and 2004.
- Long-term secular decline in inflation since early 80s fueled bond market returns that may not be seen again for a long time.
- Looking forward, current yields and expectations for inflation and interest rates drive expected future returns. With low current yields and the potential for rising interest rates as the economy expands, prospects for future bond market gains may have faded. The best case for bonds is a faltering economy.

22



### 2005 Capital Market Projections

- Essentially no changes from last year's projections!
- Inflation is held at 2.6%, depicting inflation rising from current low levels.
- Cash returns reflect rising short-term yields, but still low real return of 0.4%
- Bond returns held at 4.75% :
  - reflects current yield-to-worst, plus small adjustment
  - but, in moderate increase in short rates, relatively stable long rates, higher realized yields on mortgages and shorter term debt is rolled
- Equity returns built from fundamentals: 3-4% real GDP growth which means 5.5%-6.5% nominal earnings growth, 2% dividend yield, 0.5%-1% "buyback" yield.
- Real estate return held at 7.6%, reflecting income expectations as high as 7% but acknowledging potential valuation limits.
- Private equity return held at 12%, a 3% premium over public markets.
- Premiums of international equity over domestic and small cap over large cap have been narrowed, reflecting recent performance and relative valuations.

24



## 2005 Capital Market Projections

Summary of 5-Year Capital Market Projections (2005-2009)

Asset Class	Index	Projected Annual Return	Projected Standard Deviation (Risk)	Projected Yield	2004 Projections
<b>Equities</b>					
Broad Domestic Equity	Russell 3000	9.0%	16.0%	2.1%	9.0% 16.0%
Large Cap	S&P 500	9.4%	16.4%	2.2%	9.4% 16.2%
Small Mid Cap	Russell 2500	9.6%	22.2%	1.2%	10.1% 23.4%
International Equity	MSCI EAFE	9.2%	20.1%	2.2%	9.1% 21.4%
Emerging Markets Equity	MSCI EM	9.0%	31.0%	0.0%	9.0% 33.0%
<b>Fixed Income</b>					
Domestic Fixed	ED Aggregate	4.1%	4.5%	4.5%	4.5% 4.5%
Defensive	ED Govt 1-5 Year	4.0%	3.1%	4.0%	4.0% 3.1%
TIPS	ED TIPS	4.0%	6.0%	4.4%	4.4% 6.0%
High Yield	CSHY High Yield	6.7%	12.1%	6.7%	6.7% 12.3%
Non-USA Fixed	ED Non-USA Govt	4.6%	9.0%	4.6%	4.6% 9.0%
<b>Other</b>					
Real Estate	Global Real Estate	7.0%	16.5%	7.0%	7.0% 16.5%
Private Equity	VI Post-Venture Cap	12.0%	34.0%	0.0%	12.0% 34.0%
Absolute Return	*	6.5%	19.5%	0.0%	6.5% 19.5%
Cash Equivalents	90-Day T-Bill	3.0%	0.0%	3.0%	2.7% 0.7%
Inflation	CPI-U	2.0%	1.4%		2.0% 1.4%



## Major Asset Classes Only

Asset Mix Alternatives  
Optimization Set: D05

	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5	Mix 6	Mix 7	Mix 8	Mix 9	Mix 10	Mix 11
Equities	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%
Fixed Income	35%	30%	25%	20%	15%	10%	5%	0%	0%	0%	0%
Real Estate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Private Equity	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Absolute Return	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cash Equivalents	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected Return	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%	14.5%	15.0%	15.5%
Standard Deviation	16.0%	16.5%	17.0%	17.5%	18.0%	18.5%	19.0%	19.5%	20.0%	20.5%	21.0%
Sharpe Ratio	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### AGENDA

February 17, 2005

10:00 a.m.

Presentation by the Alaska Permanent Fund Board &  
Advisors

Joint Meeting with House Finance Committee

# Senate Bill 88

*A Bridge to Development*



*A Policy on General Fund  
Revenue Shortfall*

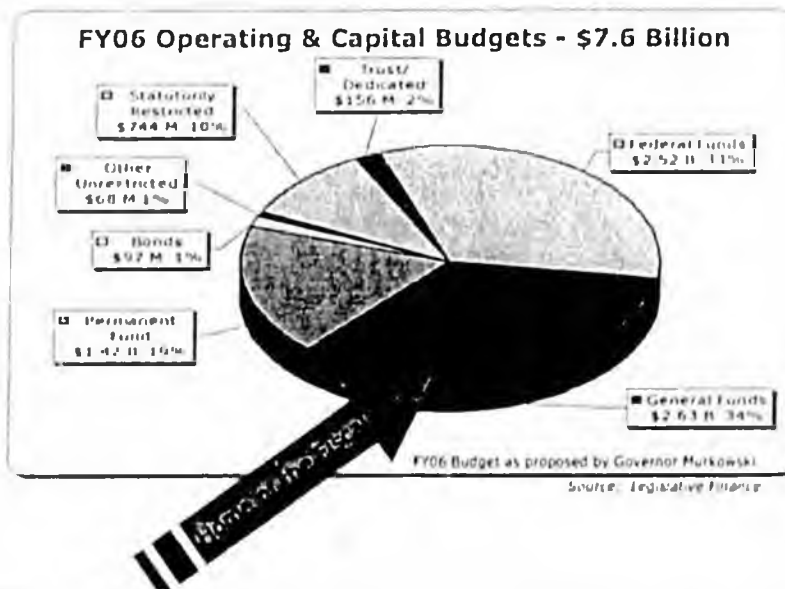
*February 15, 2005*

"It is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account."

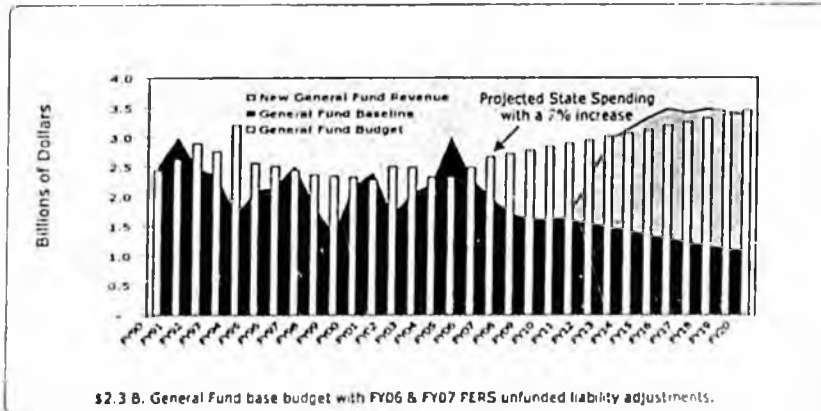
AS 37.07.010 Executive Budget Act

SB 88  
says

## Why? Where's the problem?



## ... What's the problem?



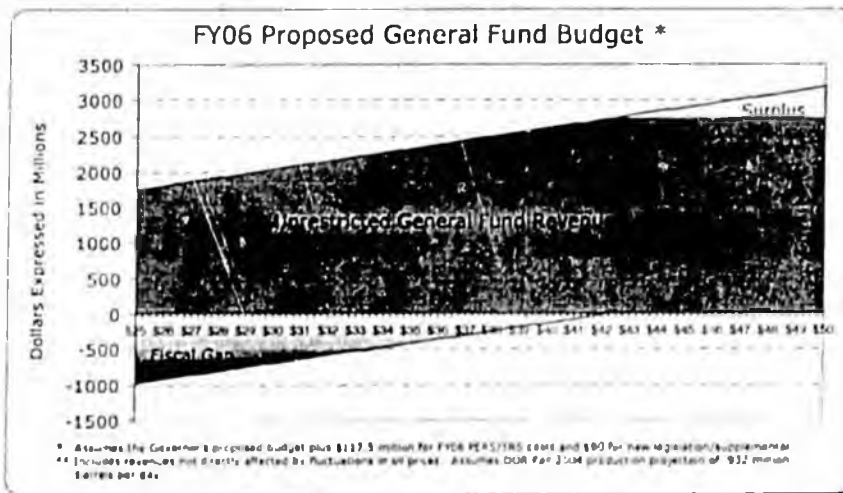
Source: Legislative Finance

General Fund revenue can be less than General Fund expenditures.

4

## ... and things can change quickly

*"For the Good or for the Bad"*



Source: Legislative Finance

... and they have

**ALASKA CONSTITUTION  
ARTICLE IX**

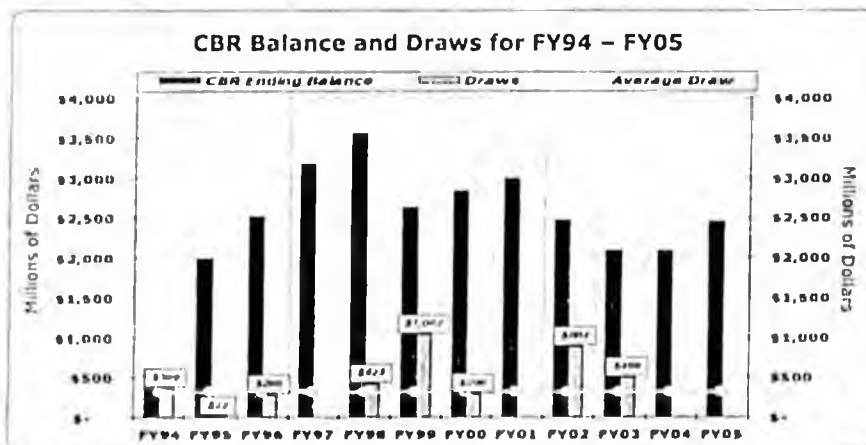
**Section 17. Budget Reserve Fund (a)**  
There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the state after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments of bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

Voters approved amendment in 1990.

- The CBR has been used to fill the fiscal gap 8 out of 12 years.
- Approximately \$5.5 billion has been withdrawn.
- The state has deposited into the CBR \$5.6 billion and earned \$1.6 billion in interest.

6

... for example



- Draw 8 out of 12 years
- Average draw \$318 M
- Current balance \$2.1 B

7

## ... Alaska is a resource state

"Alaska has about 22 percent of the nation's 'known' oil reserves and 19 percent of the country's known natural gas."  
 Governor Murkowski, 12/14/2003

"TransCanada submits application to state, says 2012 start-up possible"  
 Petroleum News, 6/6/04

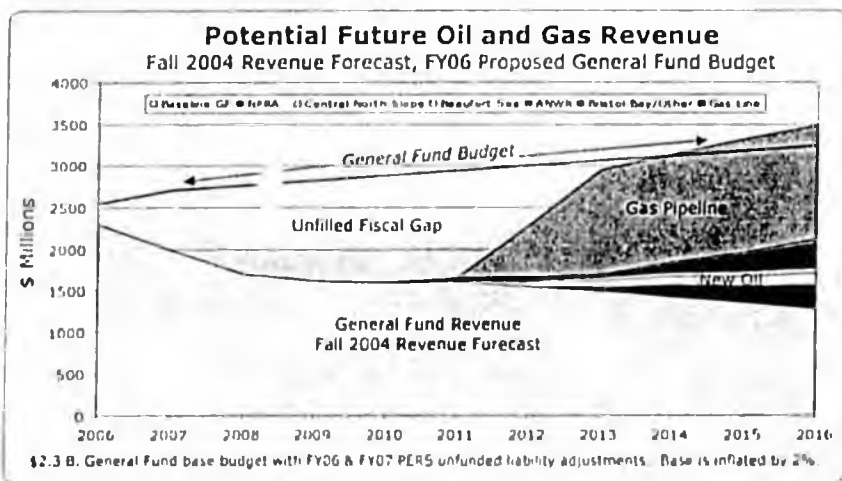
"Alaska officials consult bankers on gas pipeline"  
 Bond News, May 27, 2004

"\$53.9 million in NPR-A bids offered"  
 Fairbanks Daily News-Miner, 6/3/04

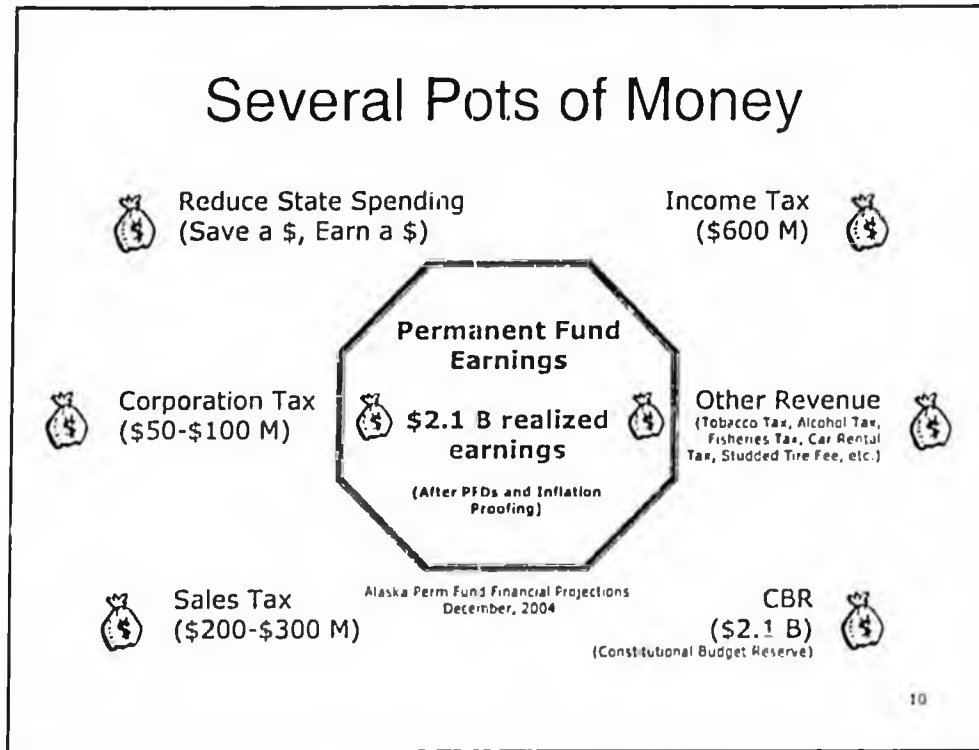
Federal land managers proposed giving oil drillers access to a forbidden chunk of the North Slope national Petroleum reserve."  
 Anchorage Daily News, 6/10/04

## ... a bridge is needed

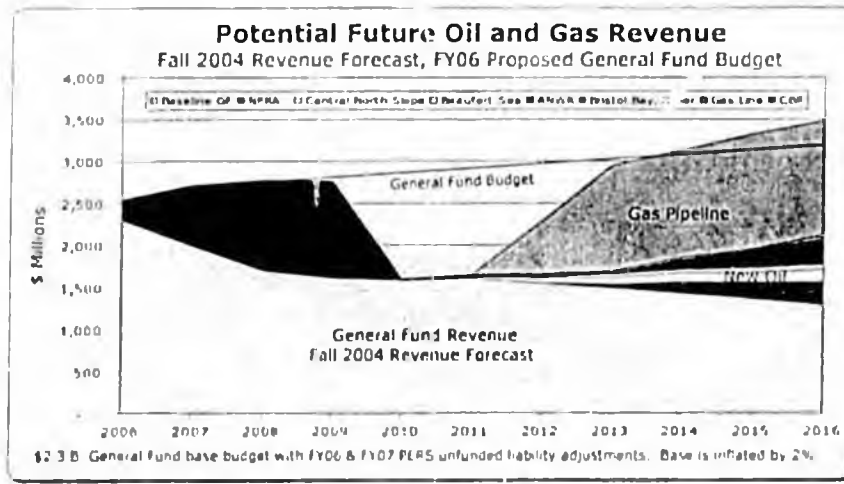
From Today to Development



# Several Pots of Money



... why not just the CBR?

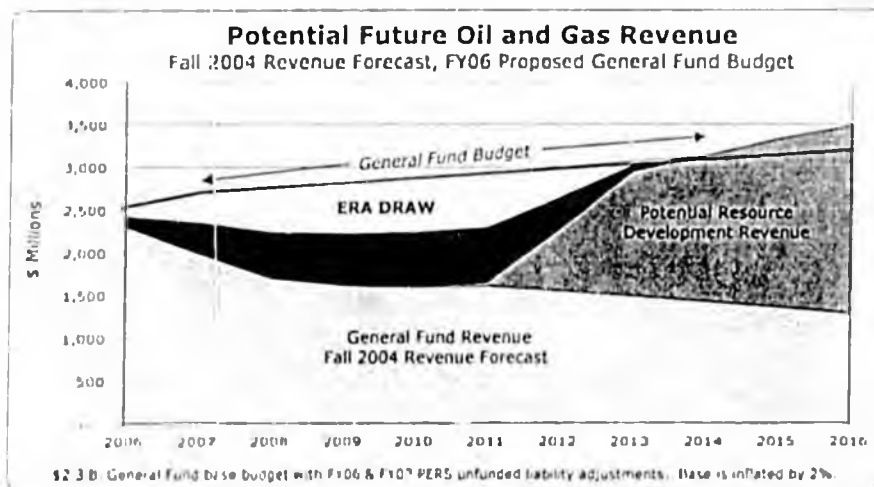


... so what if . . .

The Legislature splits the future fiscal gaps with equal contributions from the Constitutional Budget Reserve and the Earnings Reserve Account?  
(SB 88)

12

... and we build a bridge



13

... but can we?

**An Alaskan's  
Guide to the Permanent Fund**

The Fund would help create an investment base to continually generate future income. When oil ran out, Alaska would still have a major source of state revenues. Alaskans could use these revenues to pay the costs of basic government services, or for whatever purposes future generations of Alaskans decided.

Each year, the Fund would channel a significant portion of the oil revenues away from the legislature. Less state income reduces the opportunity for excessive state spending.

The Fund would transform non-renewable oil wealth into a renewable source of wealth for future generations of Alaskans.

Alaska Permanent Fund Corporation  
9th Edition, 1998, Pages 1 & 2

Yes, We Can!!!!

The Earnings Reserve Account, a result of wise investment of our Permanent Fund, has been and still is available to the legislature by a simple majority vote of 21-11.

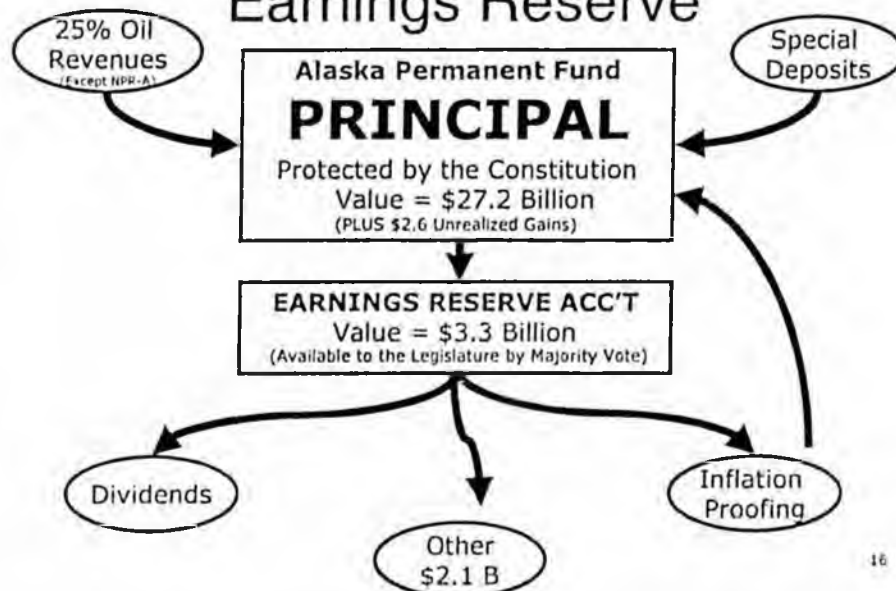
PF financial projections say ...

**ALASKA PERMANENT FUND  
FUND FINANCIAL HISTORY & PROJECTIONS**  
As of December 31, 2004

Historical Fund Balance - Projection		Fund Balance		Fund Balance		Fund Balance		Fund Balance		Fund Balance		Fund Balance		Fund Balance			
Year	Balance	Year	Balance	Year	Balance	Year	Balance	Year	Balance	Year	Balance	Year	Balance	Year	Balance		
1975	100,000,000	2000	1,200,000,000	2001	1,250,000,000	2002	1,300,000,000	2003	1,350,000,000	2004	1,400,000,000	2005	1,450,000,000	2006	1,500,000,000	2007	1,550,000,000

*Note: The table above is a simplified representation of the data shown in the image. The actual image contains a much more detailed table with many more columns and rows, including sub-totals and a summary section at the bottom.*

## Our Permanent Fund and our Earnings Reserve



## Alaska's Crown Jewels

... The Constitutional Budget Reserve fund and the Earnings Reserve Account ...



- Only legislature in America deciding how to manage \$31 billion for 650,000 people
- Every minute, every hour, every day, the world helps build Alaska by
  - Investing in corporate America
  - Investing in America's society
  - Investing in America's future
- The CBR and the ERA form the abutment to our Bridge to Development

## ... but what about my check

How much less is my PFD if the Legislature draws \$250 M from the ERA each year?

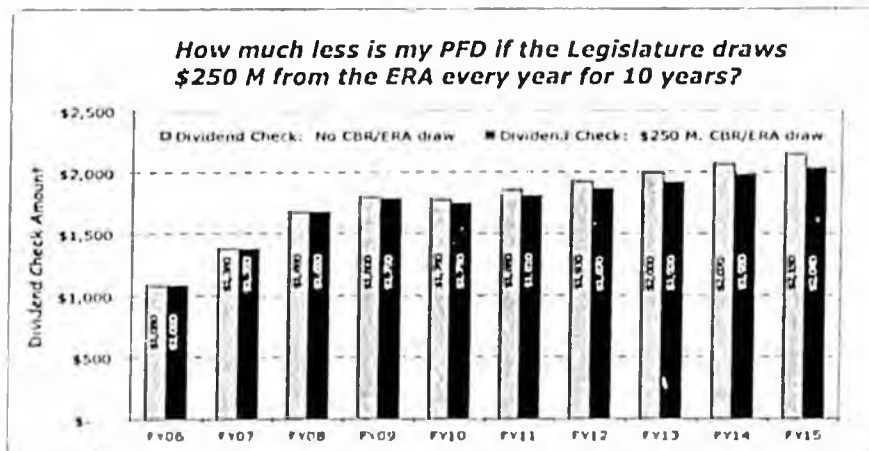
Fiscal Gap (millions)	ERA Draw (millions)	Fiscal Years Ahead									
		1	2	3	4	5	6	7	8	9	10
200	100	\$0	\$2	\$4	\$7	\$12	\$18	\$25	\$31	\$38	\$44
300	150	\$0	\$2	\$5	\$11	\$18	\$27	\$37	\$47	\$56	\$66
400	200	\$0	\$3	\$7	\$14	\$24	\$36	\$49	\$62	\$75	\$88
500	250	\$0	\$3	\$9	\$18	\$30	\$45	\$61	\$77	\$93	\$110
600	300	\$0	\$4	\$11	\$21	\$36	\$54	\$73	\$93	\$112	\$132
700	350	\$0	\$4	\$12	\$25	\$42	\$63	\$85	\$108	\$131	\$154
800	400	\$0	\$5	\$14	\$28	\$48	\$72	\$98	\$123	\$149	\$176
900	450	\$0	\$6	\$16	\$32	\$54	\$81	\$110	\$139	\$168	\$199
1,000	500	\$0	\$6	\$18	\$35	\$60	\$90	\$122	\$154	\$187	\$221

Source: Legislative Finance (Based on 7.6% rate of return, Perm Fund Financial Projections, Dec. 31, 2004)

18

## ... how does this compare to status quo?


How much less is my PFD if the Legislature draws \$250 M from the ERA every year for 10 years?





Source: Legislative Finance

Answer: In five years, it's 30 less. In ten years, it's \$110 less. 19

## ... let's compare alternative revenue sources.

  
**Income Tax**  
 Raise \$250 Million  
 Cost \$1,000  
 (\$57,000 Adj. Gross Income)  
 Source: Department of Revenue

  
**Sales Tax**  
 Raise \$250 Million  
 Cost \$950  
 (\$57,000 Adj. Gross Income)  
 Source: Department of Revenue (2.75% Sales Tax)

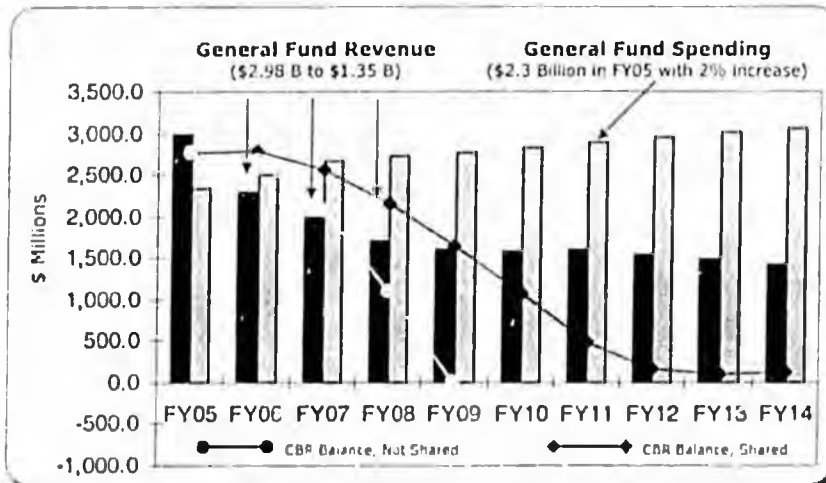
  
**Earnings Reserve**  
 Raise \$250 Million  
 Cost \$12  
 (Slide 18)  
 Source: Legislative Finance

Under the Bridge to Development Plan (SB 88), all Alaskans share in the Power of Earnings.

20

Information is based on the second year of implementation

## ... but does this help the CBR?



Source: Legislative Finance - expected CBR return @ 4.7% plus expected settlements

21

. . . let's use only when needed

Senate Bill 88 demands spending accountability because . . .

- (1) the Earnings Reserve Account is the people's money and
- (2) each legislator must answer to the public on how much was spent from the Earnings Reserve to fund state services.

22

. . . and to summarize

*The Bridge to Development Plan*



Bridges the State of Alaska revenue needs until development can occur



Recognizes Alaska's natural resource potential and opportunity for jobs



Recognizes the power of the Earnings Reserve - *the crown jewel of a fiscal plan*



Establishes accountability by forming an investment partnership with all voters

23

. . . and . . .



When needed, minimizes the financial impact on Alaska families



Doubles the life of the CBR



Strengthens the Alaska's bond rating and saves millions of dollars



Provides Alaska with a stable and dependable long term fiscal plan

**Thank You!**

Gary Wilken, Prime Sponsor  
Senate Bill 88

24

3/15/05

DEPT. OF  
CORREC-  
TIONS, THE  
“CONTAIN-  
MENT  
MODEL”

**SFIN**

**FILE**

## Sex Offender Containment

Prepared for  
The Senate Finance Committee  
Alaska State Legislature



on behalf of the  
Alaska Department of Corrections

Kim English, Peggy Heil, Jeff Jenks

Tuesday, March 15, 2005, 9:00am-11:00am  
Juneau, Alaska

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## U.S. Dept. of Justice Study

"About 45% of state prisoners participating in the 1991 Bureau of Justice Statistics Survey committed the crime while they were on probation or parole."

•24% of prisoners serving time for RAPE

•19% of prisoners serving time for SEXUAL ASSAULT



U.S. Department of Justice, Sex Offenders and Offenses, Feb. 1997, 15

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## Agenda: The Containment Approach

- The Need for Specialized Sex Offender Management Practices
- Rape Victims Don't Report the Crime
- The Containment Approach: The Goal is INFORMATION!
- What We Can Learn From Sex Offenders?
- Using the Polygraph Examination
- Treatment Provides Information
- A few words about housing, quality control and cost benefit of containment
- Questions?



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## Forcible Rapes in 2000

Alaska ranked **first** in rapes per capita in the United States.



Alaska's reported rape rate is twice the national average.\*

www.dhs.gov/ncj/2000/020000.htm

\* Alaska had 70.3 reported rapes per 100,000 inhabitants compared to 32 reported rapes US average.

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## 2003 Reported Crime Frequency in Alaska

**One forcible  
rape every  
15.25 hours**

(This rate represents an annual average)



Alaska Dept. of Public Safety, 2003 Uniform Crime Reporting

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## Forcible Rapes Increased 21.7%

**Reported rapes in Alaska  
increased 21.7% from 2000 to  
2003**

There were 521 reported forcible rapes and 54 reported attempted rapes in 2003.

There are approximately 4300 registered sex offenders in Alaska communities.

Alaska Dept. of Public Safety Uniform Crime Reporting

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## Personal and Social Costs Of Sexual Assault Are Very High

- More than half of victims have been raped more than once.
- 6x more likely to develop PTSD.
- 3x more likely to develop major depression.
- 13x more likely to attempt suicide.

Rape in America: Report to the Nation 1992

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## Alaska's Cost of Victimization

521 victims x \$86,500\*

**\$45,066,500**

per year in costs to victims

\* National Institute of Justice calculated the victim cost of one sexual assault at \$86,500

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**Only 16% of victims  
in the  
*Rape in America*  
study reported  
the rape.**

Kilpatrick, et al., 1992. Medical University of South Carolina.  
NI-4008 Rape in America: A Report to the Nation.

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## Who Reports?

- Younger age
  - Knowing the perpetrator
- Delay Disclosure

*Smith, Letourneau,  
Saunders, Kilpatrick,  
Resnick, Best, 2000*

- Life threat
  - Physical injury
  - Stranger perpetrator
- Increase Likelihood of Disclosure

*Hansen, Resnick,  
Saunders,  
Kilpatrick, Best, 1999*

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## Arrest Rates are Low

27% of reported  
sex crimes resulted  
in an arrest



*NIBRS 1991-1996, Snyder, 2000*

In Colorado, between 1994-98, 54%-70% of those charged with a felony sex crime were convicted of a sex crime.

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## Sex Offender Recidivism Rates: Artificially Low

- Incest: 4-10%
- Rapists: 7-35%
- Child Molesters with female victims: 10-29%
- Child Molesters with male victims: 13-40%
- Exhibitionists: 41-71%



*Marshall and Barbaree (1985)*

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**Why don't victims report the crime?**

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**Why Don't Children Report?**



In one study, children ages 3-12 explained delayed disclosure by saying they feared being disbelieved, punished or unprotected



Loeber & Coffin 1992

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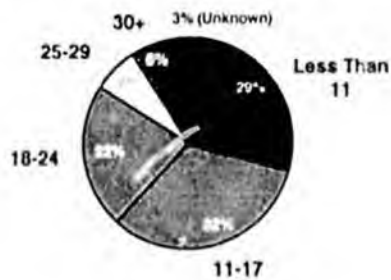
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**Age at Time of Rape**



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## Adult Victims

71% concerned about family knowing.  
 68% concerned about others knowing.  
 69% concerned about being blamed by others.

*Hope In America Report to the Nation (1992)*

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A goal of  
 The Containment  
 Approach  
 is to obtain and share  
 information.



For the purpose of  
 protecting the public and  
 potential victims

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## The Containment Approach Containment Policies

### POLYGRAPH

- |                             |                               |
|-----------------------------|-------------------------------|
| Confidentiality waivers     | Family reunification policies |
| Surveillance officers       | LE registration               |
| Consistent policies         | IIA                           |
| Interagency teams           | Monitored leisure time        |
| Employment restriction      | 72 hour MII Patch             |
| Internet restriction        | To A Co of supervision        |
| Approved to providers       | Victim therapist              |
| Polygraph examiner approval | Victim court family approval  |
| Leisure time monitoring     | Cross Training                |
|                             | Victim Services               |



TJ

CJS

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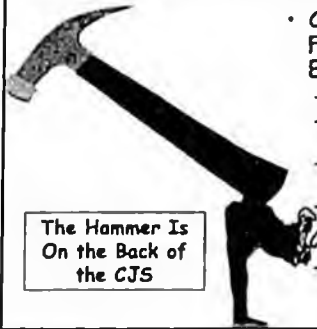
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## The Criminal Justice System Provides the Hammer



The Hammer Is On the Back of the CJS

- Consequences for Failed Polygraph Examinations Must Be:
  - Immediate
  - Linked to the Implied Risk
  - Include Increased Surveillance
  - Involve Obtaining Corroborative Information
  - Include Informing Others of Poly Results

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## Sex Offenders Who Failed Supervision

- Sees self as no risk
- Diverse Victim Types
- Fewer months in the community
- Access to victims
- Sexual entitlement
- Poor social influences



Hanson and Harris, 1998

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## What Can We Learn From Sex Offenders ??

Studies with...



- Guaranteed Confidentiality,
- Anonymous Survey, or
- Polygraph

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## Secrets Revealed

Polygraph Research at the Colorado DOC  
Comparing Court Information v. Polygraph

Information at	# of victims	# of offenses
Sentencing	2 (1)	7 (1)
Sex History	83 (21)	394 (50)
1 <sup>st</sup> Polygraph	165 (24)	511 (95)
2 <sup>nd</sup> Polygraph	184 (26)	528 (95)

Ahmerayer et al., 2000, studied 35 sex offenders in treatment and polygraph testing at the CO Dept. of Corrections

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## Polygraph Research at the Colorado DOC

Comparing Court Information v. Polygraph

Admissions of Hands-on Crossover Offending  
223 Sex Offenders Participating in SOTMP TC at the Colorado  
Department of Corrections

Type of Crossover	Court	Polygraph
Adult & Child Victims	7%	70%
Male & Female Victims	9%	36%
Multiple Relationships	20%	86%

Med. Ahmerayer, Simons (2003)

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180 convicted sex offenders on probation and parole in TX, WI, OR

### Current Conviction Crime: Incest

n=80

Ever assaulted...



Assaulted strangers	35%
Assaulted from position of trust	57%
Assaulted adult victims	36%

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### Average Age of Onset

<u>Study</u>	<u>Type of Offender</u>	<u>Age of Onset</u>
Freeman-Longo(1985)	Rapist	18
	Child Molester	15
Elliot (1984)	Juvenile Rapists	16 peak
Emerick & Dutton(1993)	Juvenile Child Molesters	13 median
Ahlmeyer et al.(2000)	Inmates	12
English et al.(2001)	Supervised or: Parole or Probation	12

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### Average Lag Time in Detection

<u>Study</u>	<u>Type of Offender</u>	<u># of Years</u>
Freeman-Longo (1985)	Rapist	6
	Child Molester	13
Elliot (1986)*	Paraphiliacs	10
Ahlmeyer et al.(2000)	Rapists and Child Molesters	16

\* as cited by Elliot, 1986, in *Training Topics*

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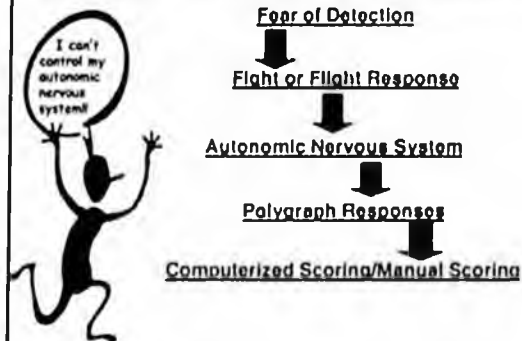
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### How Does the Polygraph Work?




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## Accuracy of the Polygraph Test

National Academy of Sciences  
(2003) set median accuracy  
at 89%  
with a range of 70 to 99%

Page 125

Information from Raymond Nelson & H. Lawson Hightler (2004)

Picture: [www.vsp.state.va.us/~hls/gpf/polygraph.htm](http://www.vsp.state.va.us/~hls/gpf/polygraph.htm)

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**1. Pre-Test**

- Review medical conditions
- Sign release and consent forms
- Explain purpose of exam
- Review equipment
- Review terminology
- Develop final questions
- Calibrate instrument

**2. In-Test**

- 2-4 relevant questions tucked inside 10-20 comparison questions
- Relevant questions must be specific
- Run 3 sets of charts
- Score and interpret chart markings (pen tracings)

**3. Post Test**

- Conducting an in-depth interview with examinee, giving him/her an opportunity to explain deceptive findings

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### The Purposes of the PC Exams Vary



- **Sex History:** Obtain information on past victims and past methods used to access those victims. Need to know age of onset, frequency, extent of crossover behavior.
- **Specific Issue:** Offender may be in denial about the crime...or may be facing a new accusation...or may have failed a recent examination...
- **Maintenance:** Check out assault patterns and behaviors regarding supervision conditions. *Looking for precursors = behaviors!!!*

*\*Fantasies are tantamount to planning sessions...*

© William Fisher, 1998

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### Sex History Exam

- Types of past victims (gender, age, relationship)
- Frequency of assaults
- Types of behaviors (voyeurism, rape, child molesting, internet)
- Modus Operandi !!!!
  - Did they get friendly with parent?
  - Go to church to find single, exhausted moms?
  - Always engaged in obscene phone calls before rape?
  - Lured child with puppy?



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### Specific Issue Exam



- Used when offender is denying offense or significant aspects of the offense
- Used when there is an allegation
- Used to clear up a past deceptive test

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### Monitoring Polygraph

- To monitor problem behavior...
- Since entering treatment
  - While on probation/parole
  - Since the last polygraph exam
  - Conducted every 3-6 months



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### Monitoring Testing

- **Provides information** on whether the offender is changing his lifestyle and applying what they are learning in treatment
- **Provides information** on whether he is continuing to engage in high risk behaviors



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### Specific-Issue Tests Are Used to Clarify Risk Concerns

A specific-issue exam should be scheduled when concerns persist even after increasing surveillance.



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### Polygraph as a Deterrent

Abrams and Ogard, 1986

Studied the deterrent effect of polygraph on offenders on probation:

- Supervision with polygraph - 69% successful compliance with probation
- Supervision without polygraph - 20% successful compliance with probation



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### Only 2-4 Questions Allowed

- There can be **NO** surprise or trick questions.
- Questions must focus on **BEHAVIORS**.
  - No mental state questions.
  - No intent questions.
- No emotionally laden language

"rape" "murder" "molest"

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### Examiner Qualifications

- Graduated from APA accredited polygraph school.
- Colorado Standards: Minimum of 150 criminal issue exams.
- Minimum of 50 clinical exams in 12-month period.
- 40 hours of specialized training every 3 years.



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### Implementation Considerations

- Develop procedures
- Educate therapists
- Develop sex history questionnaires
- Set examiner qualifications and requirements
- Videotape exams
- Develop system to track and use results
- Educate stakeholders
- Develop consequences



Simon Hall, Abney, 2003

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## SUMMARY: Value of Polygraph Testing in Risk Assessment

- Increase information on past offenses
- Evaluate treatment effectiveness/compliance
- Evaluate risk of child contact



Without the poly,  
we're operating  
blind.

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Polygraph testing should never  
be used in isolation

Multiple methods should always be used

Polygraph + treatment = more information  
than

Polygraph or treatment alone

Admissions made in the process of polygraph  
testing should be confirmed through collateral  
sources or retesting

**Caution**

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### Options for Processing Information on Past Crimes

<u>No Immunity</u>	<u>Sentencing Limitations</u>	<u>Limited Immunity</u>	<u>Full Immunity</u>
Specific information (i.e., date, place, name of victim) would not be collected on past crimes.	Specific information on past crimes would be obtained and reported to the appropriate law enforcement agency.	Specific information on past crimes would be obtained and reported to the appropriate law enforcement agency.	Specific information on past crimes would be obtained and reported to the appropriate law enforcement agency.
Information on the range, type and pattern of sex offenses would be collected.	If District Attorneys decide to prosecute they would utilize sentences which increase the length of supervision but allow for the possibility of community supervision when the offender is complying with treatment and monitoring requirements.	Offenders would sign a limited immunity agreement which would include provisions that they would not be prosecuted on the offense as long as they complied with recommended treatment and did not reoffend.	Offenders would not be prosecuted for past crimes.
Information on the range and types of past crimes would be reported in an M.O. database that could be queried by law enforcement.	Some sentencing options could include lifetime probation, sex offender's act (1 day to life) or deferred sentence.		



April 2002

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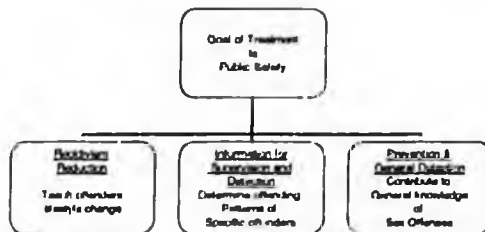
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## Value of Treatment: Public Safety




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## Admitted # of Sex Crime Victims

Source	Mean (Median)	
	Inmates (n=35)	Parolees (n=25)
PSIR	2(1)	2(1)
Sexual History	83(21)	4(2)
1 <sup>st</sup> Poly	165(24)	6(3)
2 <sup>nd</sup> Poly	184(26)	7(3)

Includes victims of contact and non-contact sex offenses

Ahlmeyer, Heil, McKee, English, 2000

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## Sex Offender Treatment

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|--|---|
| <ul style="list-style-type: none"> <li>• <b>Offense Specific</b></li> <li>- Non-trust basis/external verification of statements</li> <li>- Verify changes in behavior</li> <li>- Client's responsibility to change</li> <li>- Client has choices</li> <li>- CONSEQUENCES if directives are not followed</li> <li>- Focus on present</li> <li>- Limited confidentiality</li> <li>- Behavior change req'd</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Traditional Therapy</b></li> <li>- Accept client statements as truth</li> <li>- Client has choice to change</li> <li>- Non-judgment and supportive of client choices</li> <li>- No consequences for choices</li> <li>- Focus on insight regarding the past</li> <li>- Complete confidentiality</li> <li>- No change required</li> </ul> |
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## In Colorado

"The client is the community."



Protecting known victims and potential victims

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## Does Sex Offender Treatment Work?

Washington State Institute for Public Policy

<u>Type of Treatment</u>	<u>Recidivism Rate</u>	
	<u>Without</u>	<u>With</u>
Cognitive-Behavioral	6.4%	3.5%
Psychotherapy	6.4%	11.2%
Behavioral	5.4%	5.5%

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Intensity and length of treatment had a measurable effect on outcome

English 2003

This finding is similar to drug and alcohol research findings

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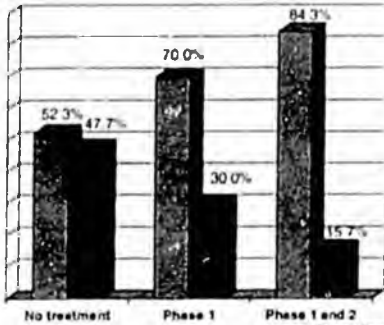
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## Parole Outcomes 1993-2002

n=1585



\*Phase 2\* is the  
Therapeutic  
Community

■ Completed  
■ Revoked

Differences  
are significant

Colorado Department of Criminal Justice, 1998

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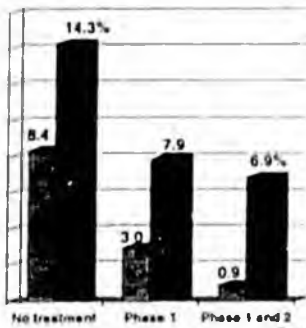
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## Parole Release v. Discharge VIOLENT ARREST at 1 year



■ Discharge  
from Parole  
n=1003  
■ Discharge  
from Prison  
n=2040

Differences  
are significant

Colorado Department of Criminal Justice, 1998

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## Success is in the combination of prison and community containment

Twin Rivers Correctional Center in Washington

- After 2000 days, 40% of sex offenders receiving only prison treatment failed
- After 2000 days, 15% of sex offenders receiving prison treatment and community treatment and supervision failed

Exhibit 6, Page 6, 1995

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## Where will sex offenders live after their release from prison?



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### Research Regarding Living Arrangements

- Sex offender probationers living with their families in Denver were more likely to have a criminal & technical violation than those living in other types of residences
- For high-risk offenders, those with no support and living with a family member or friends had the highest numbers of violations
- Living with a family member or friends does not necessarily mean that he or she is living in a supportive or healthy environment

Colorado Sex Offender Management Board, 2004

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### Research Regarding Living Arrangements

- Those who had support in their lives had significantly lower numbers of violations than those who had negative or no support
- Recommendation - Efforts should be made to ensure that the sex offender's support is positive in order to aid in his or her treatment

Colorado Sex Offender Management Board, 2004

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### Positive Support Defined

- Awareness of the cycle, offense patterns and early abuse signs.
- Familiarity with the offender's schedule and whereabouts.
- The ability to enhance and encourage application of the offender's treatment tools outside of the therapy setting.
- A working relationship with the treatment provider and criminal justice supervisor.
- The ability to acknowledge the seriousness of the offending behavior.
- The ability, skills and tools to hold the offender accountable early in the onset of risky behaviors.
- Willingness to report non-compliance to the containment team.



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### The Containment Approach: Quality Control

- Training training training
- Written protocols
- Adequate supervision
- Standards for practice
- Regular team meetings
- Individual treatment plans
- Measures of progress/program evaluation



Or how will you know  
if you are getting  
anywhere?

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### Cost Benefit

*Considering benefits to crime victims in addition to taxpayer, each taxpayer dollar spent on a cognitive-behavioral program for adult sex offenders returns between \$1.19 and \$5.27 in victim and taxpayer benefits*

Washington State Institute for Public Policy

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Questions?



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Provided by Ms. Heil  
3/15/05

## GROOMING FAMILIES AND CHILDREN

### Accountability Statement

The simple fact was, all my victims were kids or had the mind of a child. And it's hard for someone to believe a child, or that I could do this, because I was the type of person who would help out when someone needed something, such as a ride, money, something fixed on the car or in the house. I would also make sure people knew that I was doing this. That way, if one of my victims did say something, I would tell them, "I couldn't do something like that. Look at all I've done. No. How could I do something like that? For some reason, the kid is lying." Then, I would bring up incidents where that child had lied.

I also set this up by giving the child a toy or money, and when he told his parents about it, I would tell the parents, "No, it wasn't me. Hell, I can't afford to give my own kid money or toys like that," and just simple things like that. So, after a long time of making the child out to be a liar, that's when I would assault him. Then, if he did tell, no one would believe him. Most of the family was dysfunctional anyway, and all my victims were either physically abused or mentally abused. So, communication in the family wasn't that good, and I know this from the story. And the parent didn't have time for the kids, or they just annoyed them.

**3/23/05**

**ALMR**







**PROJECT**

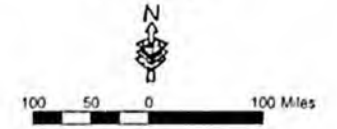
**OVERVIEW**

**SFIN**

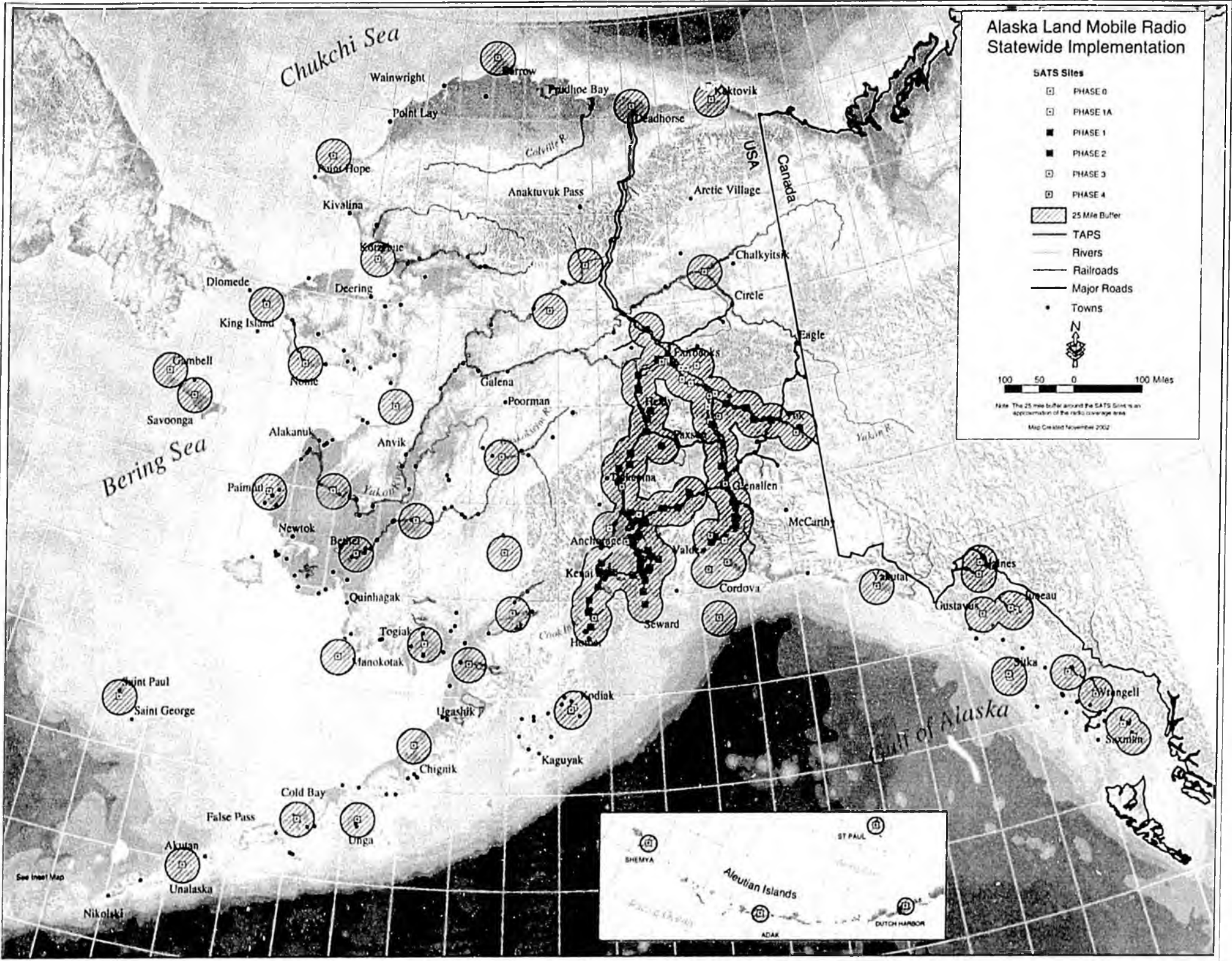
**FILE**

# Alaska Land Mobile Radio Statewide Implementation

- SATS Sites**
- PHASE 0
  - PHASE 1A
  - PHASE 1
  - PHASE 2
  - PHASE 3
  - PHASE 4
-  25 Mile Buffer  
 TAPS  
 Rivers  
 Railroads  
 Major Roads  
 Towns



Note: The 25 mile buffer around the SATS Site is an approximation of the radio coverage area.  
Map Created November 2002



See Inset Map  
Nikolski



# Alaska Land Mobile Radio

**Alaska Legislature**  
**March 23, 2005**



**Commissioner Craig Campbell**  
**Department of Military and Veterans Affairs**

- ▶ **1995: ALMR Executive Council Formed**
- ▶ **1997: MOU Signed to Jointly Plan New System**
- ▶ **1997-2001: System Design & Analysis Developed**
- ▶ **2001: MOU Renewed to Implement System**
- ▶ **2002-2003: Concept Demonstration Project**
- ▶ **2003 - 2006: System Buildout**

## State of Alaska Commitment\*

- ▶ **Provide a Lead Project Manager, staff and fund the Project Office**
- ▶ **Perform site preparation on all non-DoD sites**
- ▶ **Purchase and install the equipment for 37 sites**
- ▶ **Provide connectivity through SATS in return for system maintenance being performed by DoD**
- ▶ **Split system management costs with the DoD**

\* Per the ALMR Charter