

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

January 15, 2008

William Doolittle, M.D., Chair
Members of the Board of Trustees
Mr. Jeff Jessee, Executive Director
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, AK 99508

Dear Dr. Doolittle, Members of the Board of Trustees, and Mr. Jessee:

Thank you for your continued efforts and dedication to the goals of the Mental Health Trust (Trust). The Governor and I appreciate all the work the Trust does on behalf of the Trust's beneficiaries. Enclosed are reports comparing Trust recommendations with those items included in the Governor's operating and capital budgets. This is a change from the spreadsheet that has been prepared in prior years. You will notice that, while not all of your recommendations were funded, a considerable investment is being made for continuing Trust focus group efforts such as Bring the Kids Home, Disability Justice, and Housing. You will also notice that the report does not include funding sources, such as general funds, that do not normally appear in the Mental Health bill; those items will be discussed later in this letter.

The Mental Health Trust beneficiaries are in a unique position with a dedicated land and financial assets trust that can be managed to produce increasing income to support mental health programs. As a funding partner with the Trust, the state will carefully review the recommendations from the Trust, specifically those requesting to replace Trust funds with state general funds. With significant pressure on general fund spending and the Governor's budget discipline, the challenge will be to maintain our proposed level of support while addressing requests for expanded or new services for your beneficiaries. I sincerely appreciate the willingness of the Trust to work with the state to develop a responsible funding plan for FY2009 and beyond.

We have some comments concerning some of the projects the Trust recommended:

- On the Behavioral Health Grants - Brain injury training for providers and brain injury services development: the Trust and the department should work with the federal government (e.g., Veteran's Administration) to develop an integrated plan for providing brain injury services so efforts are not duplicated by the state and federal entities. These efforts should include training the medical community in identifying traumatic brain

William Doolittle, M.D., Chair
Members of the Board of Trustees
Mr. Jeff Jessee, Executive Director
January 15, 2008
Page 2

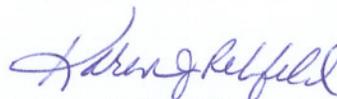
injury (TBI) and providers in the best methods of providing services to those with TBI. We approved \$100.0 toward this training effort; the Trust and the department need to lead the work on developing the service plan.

- Concerning the operating and capital recommendations for the Family and Community Supports (FACES) program: a long-term plan is needed for determining what resources should be developed, and by whom, regarding long-term and assisted living supports for the projected senior citizen population increase.
- On the increment requests for Crisis Response Services and Crisis Intervention Team in Senior Community Based Grants: we have increased funding in Behavioral Health Grants by \$4.5 million with the intent that the Division of Behavioral Health and the Division of Senior and Disabilities Services ensure that those in crisis have "no wrong door" when seeking services and support.
- The recommendations concerning rate increases for foster care and Medicaid contained general funds (not general fund/mental health) and do not appear on the enclosed reports. The Department of Health and Social Services requested, and we approved, funding rate increases across all programs in the amount of \$49.9 million (\$25.4 federal/\$24.4 general fund match). The actual allocation of the funding will be based on the results of a rate review being performed by Meyers and Stauffer.
- The Trust recommended \$15.0 million for special needs housing within the AHFC Operations operating component. A \$10.0 million request is included in AHFC's capital budget for the Housing Trust.

In conclusion, we appreciate your work on results-based budgeting and your continued work on biennial budgeting. Your continuing use of focus groups to arrive at comprehensive strategies for benefiting the lives of Trust beneficiaries is commendable. On the program side, your continued efforts on Bring the Kids Home, Disability Justice and the Housing Trust is of great value to beneficiaries of the Trust and the state as a whole.

We look forward to working with you on securing passage of the FY2009 mental health budget bill.

Sincerely,



Karen J. Rehfeld
Director

Enclosures