

A person with long hair, seen from behind, is walking on a rocky beach. The beach is covered in small, dark stones and some seaweed. In the background, there is a calm body of water, likely a lake or a wide river, and a range of mountains under a clear sky. The shoreline is lined with dense evergreen trees.

Trust

Alaska Mental Health
Trust Authority

Trust Settlement Income Account: Funding Sufficiency
Finance Committee update
January 4, 2024

AS 37.14.041

Use of Trust Settlement Income Account

- 1) Statute outlines money in the Income Settlement Account may be used for specific purposes
- 2) Statute states the authority shall transfer money to the unrestricted general fund...for other public purposes, **only if money in the Account is not needed** to meet the necessary expenses of the state's integrated comprehensive mental health program

Leg Audit FY21 Recommendation:

Develop a policy for annual determination of excess funds

Settlement Income

- Services: least restrictive to institutional
- Substance misuse and suicide prevention
- Protecting the vulnerable
- Access to healthcare
- Early childhood
- Workforce, data, funding





Annual determination addresses two questions:

Does the Trust have sufficient funds to meet its current commitments?

→ *Are spendable assets sufficient to support our budget and existing commitments?*

Does the Trust have sufficient funding to equitably support the Comp Plan for present and future beneficiary needs?

→ *Will investments generate enough earnings each year to enable the Trust to draw a payout each year, in perpetuity?*

Does the Trust have sufficient funds to meet its current commitments? Yes → But No Excess

Spendable Assets at Year-End FY23	
Cash Balances	30,677,000
Commerical Real Estate	61,378,000
Budget Reserves	131,802,700
Total Spendable Assets	223,857,700
Fund Commitments at Start of FY24	
FY24 Operations & PY Obligations	39,269,300
400% Reserve Target	120,961,200
Maintenance Reserves	2,000,000
Capital Project Allocations	13,655,000
Inflation Proofing Transfer to Corpus	70,374,300
Total Commitments	246,259,800

Challenge

- Trust assets must equitably support current and future generations
- Financial snapshots in time do not reflect future funding needs or funding sources to support those needs
- The Trust must manage for fluctuations in asset value over time



Does the Trust have sufficient investments to generate a payout for continued support of the Comp Plan?

- Asset allocation and spending policy drive the balance between future fund availability and current spending
- The FY24 Revenue includes \$34MM generated from Trust investments managed by APFC and DOR, and income generated from the TLO. Current investments should be sufficient for continued payout support of this level, with some expected variability due to market conditions



Discussion

