CONSUMER ACTION for a STRONG ECONOMY

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Increasing Transparency and Accountability to Ensure Better Opioid Settlement Funds Spending by Local Governments

Introduction

Billions of dollars in court-awarded opioid settlements are flowing to state, county, and municipal governments, but a concerning amount of this money is being spent with little or no oversight. Settlement funds were secured with the intention of helping the victims of opioid misuse, not solve state and local budget problems, or subsidize the career-motivated plans of ambitious politicians.

The opioid crisis has severely impacted communities and families across our nation, and continues to be a major public health crisis. Overdoses, the leading cause of injury-related death in America, kill tens of thousands of people each year, with opioid abuse accounting for nearly three-quarters of those preventable fatalities.[1]

Overview

In response to this national health emergency, state and local governments, and private individuals, have filed lawsuits against manufacturers, distributors, and pharmacies for their role in the opioid crisis, resulting in over $57 billion[2] in settlements. Unlike the 1998 tobacco settlement agreements, which had few spending restrictions, these settlements require most of the money to be used for opioid abatement efforts, such as treatment, prevention, harm reduction, and recovery services.[3]

The Problem

Both the tobacco and opioid settlements were responses to major public health catastrophes, and failures of the earlier tobacco agreements provided a cautionary tale that encouraged the inclusion of guardrails in opioid disbursements. However, specific allocation and oversight mechanisms vary significantly by state, and a lack of stringent, transparent reporting requirements has created opportunities for misdirected and inappropriate spending.

According to the Centers for Disease Control and Prevention (CDC), over 700,000 Americans have died from drug overdoses specific to opioids since 1999[4]. The overpromotion and overprescription of opioid pain medications has harmed a tragic number of patients and their families and the massive monetary penalties imposed on the companies and care providers responsible for that harm should be spent as intended, to help impacted individuals. But leaving those spending decisions up to municipalities, local politicians, and appointed officials has not achieved that goal. There are numerous examples across the country of egregious misuse of settlement funds.

Settlement Loopholes & Misuses

Purchases made with opioid settlement funds have included police procurements such as firearm silencers, shooting ranges, and tinting patrol car windows. They have paid for a variety of non-opioid related events – even fishing tournaments – along with legal fees and simple direct transfers into general funds.[5] Specific examples include:

Putnam County,[6] West Virginia, which had received nearly $1.5 million dollars in settlement funds as of March 2025, spent $43,000 on a new police car, while Mercer County,[7] recipient of $2.6 million, used $100,000 to renovate the sheriff's office. They then approved a $1.75 million grant to the sheriff department so they could buy a professional building next door to the county courthouse.

The city of Farmington Hills,[8] Michigan used its $120,000 share of settlement dollars to backfill their general public-safety budgets. None of the funds they received were expended to help current victims or curb future drug addiction. Flint,[9] Michigan spent $9,924 to upgrade a City Service Center sign and $225,000 on a new ambulance. The director of the Grand Rapids-based Opioid Policy Institute (OPI) filed a complaint[10] with the state Attorney General against Farmington Hills spending policies, saying they were "contrary to the intent of the funds" and in direct violation of the settlement agreements.

In Mississippi, Jackson County, which experienced the most suspected overdose deaths in the state in 2024, spent over $1million for unspecified government services. The city of Jackson expended more than $500,000 to install fiber optic cable, cover office moving expenses, and install a shelving system.[11]

The city of Lewisburg, Pennsylvania spent $357,000 worth of settlement money to add a single officer to their task force.[12] The Clearfield County jail spent $65,000 on body scanners, all part of the $1.8 billion Pennsylvania local governments expected to receive from two waves of settlements.[13]

One of the worst municipal offenders was in New Jersey. The mayor and other city officials in the Township of Irvington spent $632,000 on two "Opioid Awareness" concerts in 2023 and 2024 with no objective evidence that they would help address the opioid problem. That included $368,500 paid to a city employee hired to book DJs and other performers for the events, who was never held accountable for how the money was spent. Another $200,000 paid for billboards (some featuring the mayor) and almost $35,000 for t-shirts, none of which included information on obtaining addiction treatment or avoiding opioid abuse. Renting luxury trailers for the performers cost another $13,000, and $29,000 went for the purchase of generators and foods supplies like cotton candy, popcorn machines, and shaved ice.[14]

As federal Covid-era relief funding for state programs runs out, some states see opioid settlements as an easy alternative funding source. In Nevada, state-level decisions shifted millions of settlement funds to unrelated programs including foster care, staff salaries, and facility upgrades. The Arizona legislature transferred $115 million in settlement money into the state prison system in 2024 to help mitigate a $1.4 billion budget deficit.[15]

The 2025 New Jersey state budget allocated $45 million to four prominent health systems, in spite of strong opposition from the state's governor-appointed Opioid Recovery and Remediation Advisory Council. New Jersey is set to receive over $1 billion in settlement funds through 2038, split evenly between state and local governments.[16]

In spite of rules in California that put the state Department of Health Care Services in charge of doling out settlement money to counties and cities with requirements that it be spent on future opioid remediation efforts, loopholes in the regulations still allow some settlement cash to go straight to local governments and give them the power to define opioid-related expenditures. Consequently, Mendocino County was able to use $63,000 to plug a hole in its health insurance plan budget, with plans to spend some of future settlement proceeds in the same manner.[17]

What Can Be Done?

It is obvious that more transparency is needed to ensure settlement funds are not wasted on purchases and activities that do little or nothing to reduce opioid abuse. Without it, local governments have provided little insight into how they are using the money, making it difficult for the public and advocates to ensure the funds are used for their intended purpose.

Efforts are being made to address the problem. The Opioid Policy and fellow advocacy group Popular Democracy have launched a website[18] providing the public access to a crowdsourced database where citizens can report instances of waste, fraud, and mismanagement of opioid settlement funds. After the allegations are reviewed by OPI officers, they are posted with details such as how much money was spent, what it was used to purchase, and who made the spending decision. Links to relevant articles or documents are included, along with information on how people can file complaints with the state attorney general, in hopes the complaints will prompt AGs to investigate and take action.[19]

Although the details of individual settlement agreements vary, they typically require states to spend at least 85% of the settlement money they receive on efforts to stem the opioid crisis.[20] But enforcement of that mandate is left up to the companies that paid out the money, and some state AGs have not taken appropriate action to ensure the standard is met.

Even states that promised transparency on expenditures of opioid settlement funds have fallen short of the mark. As reported by KFF Health News, an analysis by OpioidSettlementTracker.com found 12 states - Arizona, Colorado, Delaware, Idaho, Massachusetts, Minnesota, Missouri, New Hampshire, New Jersey, Oregon, South Carolina, and Utah - had pledged to publicly report settlement spending of 100 percent of their funds in simple and transparent language. But follow-up conducted a year later found that not all the states had fulfilled their assurances. Seven of the twelve had indeed reported all their expenditures in a clear and understandable manner, but the others had failed to or just barely complied.[21]

Although the goal of full transparency has not yet been reached, efforts such as these to develop centralized public platforms that provide information like total funds received, how they are allocated, which organizations receive funding, and the intended goals are encouraging. Forced to face the public scrutiny enabled by these outlets, states and local governments will be more likely to prioritize evidence-based strategies that can combat opioid abuse.

Those strategies, which have been shown effective at reducing opioid-related harms and improving recovery outcomes include actions such as expanding access to medication-assisted treatment (MAT), distributing the overdose treatment naloxone, supporting syringe service programs, and providing recovery housing and services. Efforts should engage the community and stakeholders ranging from public health experts to clinicians to first responders, as well as individuals who have been directly impacted by substance abuse disorders. That can help ensure that spending decisions reflect the real needs of affected populations.

Conclusion

Given the vast amounts of money at stake in the opioid settlements, strong oversight and evaluation of funded programs are vital to verifying that settlement funds are being spent appropriately and effectively. Recipients of large sums should be required to provide independent auditor reports detailing how those funds were used. Officials overseeing settlement spending should develop clear impact metrics and publish regular progress updates to the public, while involving independent institutions that can review fund allocations and determine if spending aligns with the original purpose of the settlements.

It is unreasonable to expect municipalities and other local governments to make optimal opioid settlement funds spending decisions without proper oversight, or to expect the companies that paid out those funds will provide that oversight. Proper guidance from engaged state attorneys general and other officials, with rules and requirements that guarantee full transparency to the public, will ensure that past tobacco settlement spending mistakes are not repeated with the billions of dollars in opioid settlement funds that have the potential to do much good for those directly impacted by this national health crisis.

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