



# Arizona

## Total Funds

\$542 million<sup>1</sup>

## Allocation

56% to participating local governments and 44% to the state

## Mechanism

Allocation agreement between the state and local governments ([One Arizona Distribution of Opioid Settlement Funds Agreement](#))<sup>2</sup>

## Key Takeaways

**Grantmaking.** The Agreement allows for the state's share of funds to be used for grants to community-based organizations,<sup>3</sup> and the Attorney General's [procurement](#) page has a section devoted to grantmaking from settlement funds. Local governments may also distribute their share of funds as grants to community-based organizations.<sup>4</sup>

**100% public reporting.** All regions must annually report amounts spent by participating local governments on approved allocations.<sup>5</sup> The state must then publish these regional reports, alongside a report on the awards and allocations from its share, on its website.<sup>6</sup>

## Background

The [One Arizona Distribution of Opioid Settlement Funds Agreement](#) (Agreement) governs the allocation of settlement funds to local governments (56%) and the state (44%).<sup>7</sup> Except for funds set aside for litigation expenses, all funds, regardless of allocation, must be spent on "Approved Purposes."<sup>8</sup> [Exhibit A](#) of the Agreement provides a list of opioid abatement strategies and is identical to the national settlement agreements' [Approved Uses list](#), which outlines uses such as prevention, harm reduction, treatment, and recovery services.<sup>9</sup> The state must additionally aim to spend up to 30% of its share on a specific shortlist of priorities such as opioid education and advertising on awareness, addiction, or treatment.<sup>10</sup>

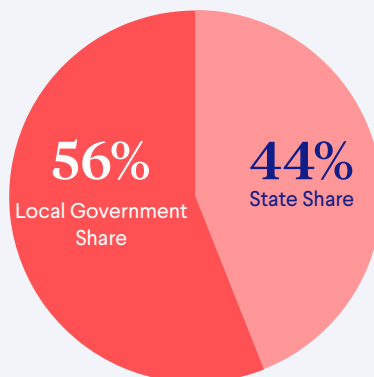
*This resource is current as of 5/16/2023. For the most up-to-date information, please visit <https://www.opioidsettlementtracker.com/settlementspending>.*



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## Decision- Making Process

### ALLOCATION OF SETTLEMENT FUNDS



### 56% LOCAL GOVERNMENT SHARE

The Local Government Share (LG Share) will be paid directly to 15 regions according to the percentages listed in the Agreement’s [Exhibit B](#).<sup>11</sup> In single-county regions, a county health department will consult with its cities and towns on the distribution of LG Share funds;<sup>12</sup> in multi-county regions or regions that consist of participating cities and towns within a non-participating county, participating local governments will form advisory councils and decide together how to distribute the funds among themselves.<sup>13</sup> Participating localities are able to decide their specific intra-county allocations themselves, but if a county and its cities and towns fail to agree, the default intra-county allocations in [Exhibit C](#) of the Agreement will apply.<sup>14</sup> The “LG Share” must be spent on Approved Purposes, whether implemented by the participating local governments directly or via grants to organizations.<sup>15</sup>

### LOCAL SPENDING EXAMPLE

Of the \$16.4 million received by Maricopa County from the Distributor and Janssen settlement agreements, roughly half was paid to the County and half to the County’s participating cities and towns based on the allocations in the Agreement.<sup>16</sup> The Maricopa Department of Public Health undertook a comprehensive needs assessments, including community listening sessions, to identify the areas most in need of funding.<sup>17</sup>



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## Decision- Making Process

(Continued)

### 44% STATE SHARE

The state government will receive its share of settlement funds directly.<sup>18</sup> These monies must be spent on Approved Purposes, whether spent “within the state” or as grants to eligible organizations.<sup>19</sup> In addition, the state must “endeavor” to spend up to 30% of its share on specific priorities such as opioid awareness education and uses targeting correctional settings.<sup>20</sup> The state’s share of settlement funds will likely be appropriated through the legislature’s normal budgeting processes,<sup>21</sup> although the legislature may appropriate funds to other state agencies for grantmaking. For example, during the 2022 session, the legislature appropriated \$4 million in settlement funds to the Attorney General’s office to fund grants to non-profit organizations, faith-based organizations, and community coalitions.<sup>22</sup>

## Tracking Funds and Accountability

- Each region or multicounty region must submit a report to the state detailing amounts received by participating local governments and spent on approved purposes.<sup>23</sup> By September 30th of each year, the state must then publish these regional reports, alongside a report of its own share’s awards and allocations, on its website.<sup>24</sup>
- In Arizona, localities and the state can hold each other responsible for misspent settlement funds.<sup>25</sup> However, the power to enforce the terms of Arizona’s allocation agreement belong only to the state and local governments, not to non-profit organizations or community advocates.

## Engaging in the Process

- Bookmark the Attorney General’s [procurement](#) page and check frequently for grant announcements. Circulate open calls widely because application windows tend to be narrow.<sup>26</sup>
- Observe and track county-specific overdose-related data using the Arizona Department of Health Services’ [data dashboard](#).
- Encourage the inclusion of people with lived experience on regional advisory councils.
- Advocate for the creation of a state-level advisory structure to provide input and recommendations on uses of the state’s share of settlement funds, and push for the meaningful inclusion of people with lived experience.



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## Additional Resources

### **ARIZONA ATTORNEY GENERAL**

*Procurement (requests for grant proposal applications are located under "AZAG Settlement Grants")*

*Arizona Opioid Settlement*

### **ARIZONA DEPARTMENT OF HEALTH SERVICES**

*Opioid Prevention and dashboards*



## References

*Last updated May 16, 2023.*

1. From settlements with distributors McKesson, AmerisourceBergen, Cardinal Health and manufacturer Johnson & Johnson only. Arizona is also participating in several settlements that are likely to be finalized later this year, e.g., CVS, Walgreens, Walmart, Allergan, and Teva. See KHN's "[The Right to Know: Where Does Your State Stand on Public Reporting of Opioid Settlement Cash?](#)" interactive transparency map (located mid-article; click "Arizona" for state-specific participation information) and OpioidSettlementTracker.com's [Global Settlement Tracker](#) for more information.
2. Arizona's MOU is not limited by its definitions to the Distributor and Janssen Settlements (see Agreement A.5, A.10, A.8-9). Note that many states' mechanisms for opioid settlement spending were designed to comply with the requirements of the [Distributor](#) and [Janssen](#) settlement agreements, which require (among other provisions) that a minimum of 85% of settlement funds be spent on opioid remediation expenditures. *Section VB.1*. Subsequent settlements require varying thresholds of opioid remediation spend; the [CVS](#) and [Walgreens](#) agreements, for instance, require a minimum of 95.5% and 95% opioid remediation spending, respectively. *Section VB.1*. Keep an eye out for the ways states will amend their spending mechanisms, if at all, to comply with subsequent settlement terms.
3. Agreement C.6.
4. Agreement C.7.
5. Agreement F.5.
6. Agreement F.6.
7. Agreement C.1.
8. Agreement C.2.
9. See Agreement, [Exhibit A](#).
10. Agreement C.8 ("The State will endeavor to prioritize up to 30% of the State Share for opioid education and advertising related to awareness, addiction, or treatment; Department of Corrections and related prison and jail opioid uses; and opioid interdiction and abatement on Arizona's southern border, including grants to assist with the building, remodeling and/or operation of centers for treatment, drug testing, medication-assisted treatment services, probation, job training, and/or counseling services, among other programs.")
11. Agreement B.1-2.
12. Agreement B.3.
13. Agreement B.4-5. Advisory Councils must consist of at least three members. For a multi-county region, the council includes at least three local government representatives, not all of whom may reside in the same county. In a region consisting of participating cities and towns in a non-participating county, the advisory council includes at least three representatives from participating cities and towns. In the latter instance, the advisory council must consult with non-represented cities and towns on distribution of the LG Share funds.
14. Agreement C.3.
15. Agreement C.7.
16. "As of Jan.1, 2023, Maricopa County has received two payments from the Distributor portion of the National Settlement cumulatively totaling approximately \$10.1 million. Of this total amount, approximately \$5.2 million was paid to Maricopa County. Remaining funds totaling approximately \$4.9 million were paid to Maricopa County cities and towns [One Arizona Distribution of Opioid Settlement Funds Agreement](#)." <https://www.maricopa.gov/5834/Opioid-Settlement-Planning>.
17. <https://www.maricopa.gov/5834/Opioid-Settlement-Planning>
18. Agreement C.5.
19. Agreement C.6.



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## References

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20. "The State will endeavor to prioritize up to 30% of the State Share for opioid education and advertising related to awareness, addiction, or treatment; Department of Corrections and related prison and jail opioid uses; and opioid interdiction and abatement on Arizona's southern border, including grants to assist with the building, remodeling and/or operation of centers for treatment, drug testing, medication-assisted treatment services, probation, job training, and/or counseling services, among other programs." Agreement C.8.
21. For example, during the 2023 session, the legislature introduced [a bill](#) that would appropriate \$10,000,000 from the state's share to the Department of Health Services to purchase a prescription digital therapeutics pilot program.
22. See "Eligibility" [here](#). The AG's office will select grantees from the list of applicants and has "sole discretion to determine the number of awards, if any, and the dollar amount of each award for each category, based on the AGO's evaluation of the funding requests submitted and the availability of funds." See "AG23-0010 RFGA One Arizona Plan 10052022" under "Files" [here](#).
23. Agreement F.5.
24. Agreement F.6.
25. Agreement F.7-10.
26. "Applicants will have 6 weeks to apply for grant funding from the AGO up until Monday, November 28, 2022, at 11:59 pm." AG's [10/13/2022 press release](#).