



North Carolina

Total Funds

**\$750
million¹**

Allocation

**85% to counties and
municipalities; 15% to the State
Opioid Abatement Reserve**

Mechanism

**Memorandum of Agreement
Between the State of
North Carolina and Local
Governments on Proceeds
Relating to the Settlement of
Opioid Litigation; Legislation**

Background

Key Takeaways

Legislation created a Reserve Account for the state's share of opioid settlement money.

A memorandum of understanding establishes the process and parameters for how local governments can use settlement funds. A range of strategies and projects are possible.

The North Carolina General Assembly must authorize the use of state opioid settlement money. Local governing bodies must authorize the use of local opioid settlement funds.

Public hearings, annual reports, and the state opioid settlement dashboard are ways that stakeholders can engage in and monitor the process.

In North Carolina, the allocation and use of opioid settlement dollars are governed by both state legislation and a memorandum of agreement (MOA) between the state and local governments. The legislation, first adopted in 2021, established the Opioid Abatement Reserve (“Reserve”), which receives the state’s share of opioid-related settlement money coming into North Carolina. Funds in the Reserve may be allocated or used only if authorized by the General Assembly. The legislation also established the Opioid Abatement Fund (“State Fund”) in the North Carolina Department of Health and Human Services (“DHHS”) and appropriated money to the State Fund for DHHS to use for specified purposes such as evidence-based treatment and supportive housing services.

The MOA between the state and local governments allocates 15% of opioid settlement funds to the state and 85% of funds to local governments.² The MOA specifies the permitted uses of the settlement funds, establishes reporting and recordkeeping requirements, and outlines the process for local governments to allocate and use the settlement funds. Local governments must keep opioid settlement funds in a designated special revenue fund and are prohibited from comingling settlement funds with other local government funds, selling their rights to future settlement payments, or otherwise delegating responsibility for deciding how to use the funds.

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Decision-making Process

- A** The North Carolina General Assembly must authorize the allocation and use of the state's share of opioid-related settlement money. This authorization (i.e., an act of appropriation) generally occurs through the state's annual budget process.

- B** Local variation
 1. Local governments receiving opioid settlement funds may choose between Option A and Option B.³ Localities that choose Option A must use the settlement funds for specified "High-Impact Opioid Abatement Strategies." Localities that select Option B may choose among a broader list of permissible uses but must engage in a collaborative, strategic planning process prior to spending their settlement funds, at least every four years thereafter, and whenever the locality seeks to implement a new strategy that is not a "High-Impact Opioid Abatement Strategy." The strategic planning process must result in a report and non-binding recommendations.
 2. A local government's governing body (e.g., county commissioners, city council) must authorize the spending of its opioid-related settlement funds in its budget or by adopting a separate resolution. The budget and/or resolution must specify the amount, purpose, and duration of the funding, and must identify each funded strategy by citing the corresponding provision in the MOA.

Engaging in the Process

- A** Engage with state representatives and senators to inform how the General Assembly allocates the state's opioid-related settlement funds.

- B** Understand the process in your county and/or city
 1. For jurisdictions that select Option B, participate in the collaborative, strategic planning process.
 2. Attend county settlement meetings, which must be open to the public.⁴
 3. Attend hearings and provide public comment to local governing bodies as they develop budgets and/or consider resolutions to allocate opioid settlement funds.

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Tracking Funds and Accountability

1. Monitor how local governments spend their opioid settlement funds through annual audits, financial reports, and the statewide opioid settlement dashboard.⁵
2. The state and local governments must use settlement funds for opioid remediation activities specified in MOA.
3. File requests under the North Carolina Public Records Law for information on how the state and local governments use settlement funds.
4. If a local government uses settlement funds for impermissible purposes, future payments to the local government will be reduced by an equal amount or the NC Attorney General can seek to recover and redistribute the misused funds.

Additional Resources

STATE-SPECIFIC RESOURCES

CORE-NC: Community Opioid Resources Engine for North Carolina

<https://ncopioidsettlement.org/>

Frequently Asked Questions about the MOU

<https://www.morepowerfulnc.org/wp-content/uploads/2022/08/FAQ-about-the-NC-MOA-updated-August-2022.pdf>

Option A Strategies

<https://www.morepowerfulnc.org/wp-content/uploads/2021/10/Exhibit-A-to-NC-MOA-3.pdf>

Option B Strategies

<https://www.morepowerfulnc.org/wp-content/uploads/2022/06/Exhibit-B-to-NC-MOA.pdf>

TRACKER

OpioidSettlement Tracker.com (national)

<https://www.opioidsettlementtracker.com/>

YOUTUBE VIDEO

Office Hours: Accessing Opioid Settlement Funding for Harm Reduction Programs with Christine Minhee

<https://www.youtube.com/watch?v=X7cWmhThEDc>

PRINCIPLES

Principles for the Use of Funds from the Opioid Litigation

<https://opioidprinciples.jhsph.edu/>

TOOLKIT

Opioid Settlement Toolkit for Community-Based Organizations

<https://www.social-current.org/reports/opioid-settlement-toolkit-community-based-organizations/>

WEBSITE

Opioid Solutions Center (National Association of Counties)

<https://www.naco.org/resources/opioid-solutions-center>

TOOLKIT

Organizing for Effective Advocacy, Chapters 30-35 of the Community Tool Box

<https://ctb.ku.edu/en/table-of-contents>

References

1. This total is limited to funds received from settlements with McKesson, Cardinal Health, AmerisourceBergen, and Johnson & Johnson. Additional money may be available through other settlement agreements.
2. The MOA applies to funds received from the national settlements with opioid distributors and Johnson & Johnson, as well as funds received in bankruptcy proceedings to resolve claims regarding the manufacture, marketing, promotion, distribution, or dispensing of opioids.
3. Local governments can also select a combination of Option A and Option B strategies, with the collaborative, strategic planning process required only for Option B strategies.
4. Counties receiving opioid settlement funds must hold at least one annual meeting with all the municipalities in the county to receive input on the use of settlement funds and promote inter-governmental collaboration.
5. Each year, local governments must submit an audit and financial report of opioid settlement dollars to the Local Government Commission and North Carolina Attorney General, respectively.