<table>
<thead>
<tr>
<th>Total Funds</th>
<th>Allocation</th>
<th>Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.46 billion¹</td>
<td>70% to the Opioid Abatement Trust Fund, 15% to participating local governments, and 15% to the state</td>
<td>Allocation agreement between the state and local governments (Texas Opioid Abatement Fund Council and Settlement Allocation Term Sheet), legislation (Tex. Gov't Code §§ 403.501–511)²</td>
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</tbody>
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**Key Takeaways**

**Default allocation.** Texas uses the national settlement agreements’ default allocation scheme, which allocates 70% of a state’s funds to an abatement account devoted solely to future opioid remediation uses (i.e., the Opioid Abatement Trust Fund) and splits the remaining 30% evenly between the state and local governments.³

**Texas Opioid Abatement Trust Fund (Trust Fund) & Opioid Abatement Fund Council (OAFC).** The OAFC is tasked with directing most Trust Fund monies, developing an application process, awarding grants, and monitoring grant implementation.⁴

**Public reporting.** Although the OAFC must report annually on the details of spending from Trust Fund monies to the legislature,⁵ Texas has not yet committed to publicly reporting its opioid settlement expenditures.⁶

**Background**

Texas state law establishes the Opioid Abatement Trust Fund (Trust Fund),⁷ Opioid Abatement Account (Abatement Account),⁸ and Opioid Abatement Fund Council (OAFC).⁹ The Texas Opioid Abatement Fund Council and Settlement Allocation Term Sheet (Term Sheet) provides Texas’ statewide allocation,¹⁰ and its Exhibit A describes the OAFC’s operations and duties.¹¹ Texas is one of a handful of states to use the national settlement agreements’ default allocation scheme.¹² Excepting attorneys’ fees,¹³ 70% of funds are allocated to the Trust Fund for grantmaking by the OAFC and other specified uses,¹⁴ with the remaining 30% split evenly between subdivisions and the state.¹⁵

¹Vital Strategies, in collaboration with OpioidSettlementTracker.com · christineminhee
²vitalstrategies.org
Background (Continued)

Trust Fund monies awarded via OAFC grants must be used for Approved Purposes, which are the “Texas list of abatement strategies” approved by majority vote of the OAFC. Monies in the Abatement Account, which houses the state’s 15% share of settlement funds, must be spent on the uses outlined in state law, which include, but are not limited to, expanding naloxone access, school-based prevention education, providing access to all FDA-approved medications for opioid use disorder, addressing the needs of persons involved in the criminal-legal system, and “other purpose[s] related to opioid abatement authorized by appropriation.”

Decision-Making Process

70% TEXAS OPIOID ABATEMENT TRUST FUND

The Opioid Abatement Trust Fund (Trust Fund), which sits outside of the state treasury and is administered by the Texas Treasury Safekeeping Trust Company (TTSTC), holds the 70% “Abatement Fund Share.” State law allocates $5 million from this share to the Texas Access to Justice Foundation to support the provision of civil legal services to low-income individuals affected by opioid use disorders. The remaining funds are allocated to the Texas Opioid Abatement Fund Council (OAFC), which subsequently allocates 1% to the Comptroller for administrative expenses, 15% to hospital districts, and 84% to opioid abatement strategies.

The OAFC is required to develop and administer a grantmaking program for distributing Trust Fund monies allocated to opioid abatement strategies, and these funds must be spent on a state-specific list of abatement strategies approved by majority vote of the OAFC. Seventy-five percent (75%) of these funds are “statewide regional funds” that will be allocated via grants to the state’s 20 regional healthcare partnership regions according to Exhibit C of the Term Sheet. The other 25% of funds are “targeted [regional] funds” that will be allocated via grants for “targeted interventions as identified by opioid incidence information.”
and approved by the OAFC. The OAFC may use a portion of the 25% in targeted funds to develop an education and outreach program regarding opioid use, prevention, and interventions. The OAFC may also reallocate monies between regions in specified circumstances. Subdivisions and the state may appeal the OAFC’s funding decisions, and any denied appeals are subject to a state district court’s final judgment.

**TEXAS OPIOID ABATEMENT FUND COUNCIL**

The Texas Opioid Abatement Fund Council (OAFC) is an independent, quasi-governmental agency administratively attached to the Comptroller. It must meet at least four times each year, and meetings generally must be open to the public. The OAFC’s 14 members include:

- Four members that are licensed or formerly licensed medical professionals with experience treating opioid-related harms, appointed by the governor, lieutenant governor, speaker of the house, and attorney general.
- Two members employed by a hospital district, appointed by the governor and attorney general.
- One member who is a member of a law enforcement agency and has experience with opioid-related harms, appointed by the governor.
- Six regional members who are academics or medical professionals with significant experience in opioid interventions, appointed by the Commissioner of Texas’ Health and Human Services Department to represent the Regional Healthcare Partnership regions.
- The comptroller or comptroller’s designee, a nonvoting member who serves as the OAFC’s presiding officer.

The governor, lieutenant governor, attorney general, and speaker of the house must coordinate their appointments to ensure that members represent Texas’ ethnic and geographic diversity “to the extent possible.” The Comptroller provides the OAFC with staff and facilities, and term limits are 2 years. At least four of the OAFC’s regional members and four of the remaining 7 voting members must vote to approve any decision or strategy. The OAFC’s proposed grantmaking rules will be finalized in July 2023 following their review of feedback from a public comment period that ended in early May. One proposed rule would incorporate a Peer Review Panel approval process for grants from Trust Fund monies.
Decision-Making Process (Continued)

15% SUBDIVISIONS’ SHARE
The 15% Subdivision Share is initially deposited into the Trust Fund, after which the Texas Treasury Safekeeping Trust Company (TTSTC) allocates the funds directly to participating municipalities and counties according to Exhibit B. Nonparticipating subdivisions’ amounts are reallocated “equitably” among participating subdivisions. Although this share is distributed to participating subdivisions to “address opioid-related harms in [their] communities,” there are no specific restrictions against reimbursement uses of funds. Localities are likely to use their normal budgeting and decision-making processes to spend this share.

LOCAL SPENDING EXAMPLE
Austin’s City Council adopted a resolution directing its City Manager to spend opioid settlement funds to expand naloxone access and medications for opioid use disorder, and to strengthen partnerships that will increase referrals to harm reduction services.

15% STATE FUND
The state’s 15% share of settlement funds is held in the Opioid Abatement Account (Abatement Account), which is a dedicated general fund account administered by the comptroller and approved by the state legislature. Monies from the Abatement Account may only be appropriated to state agencies for the uses specifically listed in state law. These uses include spending to prevent opioid use disorder, reduce the harms associated with opioids and overdose, provide trainings on the treatment of opioid use disorder, provide opioid use disorder treatment, provide access to all forms of FDA-approved medications for opioid use disorder (including agonists and partial agonists), reduce the misuse of prescription medications, facilitate access to treatment in underserved areas, address the needs of justice system-involved people, address unattended deaths that occur in rural counties, and “any other purpose related to opioid abatement authorized by appropriation.”

STATE SHARE SPENDING EXAMPLE
The state will use a portion of its initial payment to purchase naloxone for distribution to county sheriffs’ offices. The naloxone will accompany a new public awareness campaign, funded separately, about the dangers of fentanyl.
Tracking Funds and Accountability

- The Trust Fund is subject to an annual audit, and the OAFC must report annually on the details of spending from Trust Fund monies to the legislature. However, Texas has not yet committed to publicly reporting its opioid settlement expenditures. This means that Texas is merely subject to the national settlement agreements’ requirement that only non-opioid remediation spending (no more than 15%) be eventually reported to the public.

- Political subdivisions are also not required to report expenditures of funds received via the Subdivision Share.

- Grantees receiving Trust Fund monies that do not comply with their grant agreements must reimburse their monies to the OAFC.

- The OAFC’s records are subject to the state’s public information laws, and its meetings are generally subject to Texas’ open meetings law.

Engaging in the Process

- Bookmark this page to track funding opportunities from the OAFC, and subscribe to receive its updates. Grant opportunities may also be posted to Texas’ eGrants website under the Comptroller’s Office, which supports the OAFC.

- Attend the OAFC’s meetings, which generally must be open to the public. Future meeting dates are listed as “TBD” on the OAFC’s website; write to amanda.lopez@cpa.texas.gov or angelica.inglis@cpa.texas.gov to inquire. Notice of future meetings and information about how to join will be posted to the Texas Register seven days in advance; instructions to register to provide a public comment will also appear in the Register’s meeting notice. Past meeting minutes and recordings are available for review here.

- The OAFC is asking organizations to submit information about their work to inform the OAFC’s understanding of the landscape and potential abatement strategies. (This does not constitute a grant application.) Submit information about your organization by completing the intake form and emailing it to oafc.public@cpa.texas.gov.

- The OAFC’s general email address is oafc.public@cpa.texas.gov, and the state attorney general’s office can be contacted at opioids@oag.texas.gov. Questions about the distribution of funds to political subdivisions should be directed to the Texas Treasury Safekeeping Trust Company at opioidabatementfund@ttstc.texas.gov.
Additional Resources

TEXAS OPIOID ABATEMENT FUND COUNCIL (OAFC)

Texas Opioid Abatement Fund Council General Information

Texas Opioid Abatement Fund Council: Opioid Settlements at a Glance

Distribution of Opioid Settlement Proceeds

Opioid Abatement Frequently Asked Questions

TEXAS ATTORNEY GENERAL

Global Opioid Settlement

Opioids News

TEXAS HARM REDUCTION ALLIANCE

Resources

Get Naloxone
GUIDE FOR COMMUNITY ADVOCATES
ON THE OPIOID SETTLEMENT

Texas

References

Last updated May 12, 2023.

1. From settlements with distributors McKesson, AmerisourceBergen, Cardinal Health and manufacturer Johnson & Johnson only. Texas is also participating in several settlements that are likely to be finalized later this year, e.g., CVS, Walgreens, Walmart, and Allergan. 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 “Texas” for state-specific participation information) and OpioidSettlementTracker.com’s Global Settlement Tracker for more information.

2. Texas’s Term Sheet and its state law establishing the Trust Fund and Abatement Account are not limited by their terms to the Distributor and Janssen Settlement Agreements. See Term Sheet B.1, A.7-8,10 and Tex. Gov’t Code §§ 403.506(b)(1), 403.507, 403.501(5). 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 V.B.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 V.B.1. Keep an eye out for the ways states will amend their spending mechanisms, if at all, to comply with subsequent settlement terms.

3. Term Sheet B.1. See Distributor Settlement Agreement Sec. V.C(1)-(2) (“Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Abatement Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. ... Incentive payments ... will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Abatement Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D,” which describes reallocation of funds via “State-Subdivision Agreement or other means”).


6. See OpioidSettlementTracker.com’s “States’ Initial Promises to Publicly Report Their Opioid Settlement Expenditures.”

7. Tex. Gov’t Code § 403.506(a) and Appropriated Fund 1202.

8. Tex. Gov’t Code § 403.506(a) and GR Account 5189.


10. Term Sheet B.1. “Distribution within Texas is governed by the Texas Term Sheet, an intrastate agreement between the state and litigating subdivisions, and administered by the Opioid Council.” AG’s Global Opioid Settlement page.

11. See Term Sheet Exhibit A II.

12. See Distributor Settlement Agreement Sec. V.C(1)-(2) (“Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Abatement Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. ... Incentive payments ... will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Abatement Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D,” which describes reallocation of funds via “State-Subdivision Agreement or other means”).

13. Term Sheet C.4 (9.3925% of the combined Texas Political Subdivision and Texas Abatement Fund portions go to the Texas Opioid Fee and Expense Fund, although localities’ counsel must seek reimbursement first through the National Fund). See also Term Sheet C.1.

14. The other specified uses are a $5 million distribution to the Texas Access to Justice Foundation, 1% for administrative costs, and 15% for hospital districts. Tex. Gov’t Code §§ 403.506(c)(2)(A), 403.508(a) (1)-(2).

15. Term Sheet B.1. The Subdivision Share is initially deposited in the Opioid Abatement Trust Fund before being distributed to counties and municipalities. Tex. Gov’t Code §§ 403.507(b)(2), 403.506(b) (1), 403.505(c)(1).

16. Term Sheet A.8 (“Approved Purpose(s) shall mean those uses identified in Exhibit A hereto.”); Term Sheet Ex. A II. A (“The Council shall only approve strategies which are evidence-informed strategies.”)
17. Proposed administrative rules would require the OAFC to categorize approved strategies as treatment and recovery, prevention, or public safety training and coordination of care. Proposed 34 Tex. Admin. Code § 16.201(b)(1)-(3). The OAFC would also be required to “[w]ithin each category … rank each strategy in order of priority for grant funding,” proposed 34 Tex. Admin. Code § 16.201(c), and be empowered to “from time to time, review and amend the list of eligible strategies, the categorization of strategies, or the ranking of strategies within each category.” Proposed 34 Tex. Admin. Code § 16.201(d). The proposed rules will be finalized in July 2023 following a review of feedback from a public comment period that ended in early May. See Timeline for Opioid Abatement Fund Council (OAFC) Rule Making Process.

18. Tex. Gov’t Code §§ 403.505(b)(1)-(2), 403.507(b)(1). See also GR Account 5189 (“Of the amounts received from [statewide opioid settlement agreements], 15% is deposited to [this] account and 85% is deposited to the Opioid Abatement Trust Fund held at the Safekeeping Trust Company.”) The majority vote must include a majority from both sides of the statewide members and regional Council to be apportioned in accordance with the guidelines of Exhibit A, and Exhibit C hereto.”


20. Tex. Gov’t Code § 403.505(d).


22. The 15% Subdivision Share is also initially deposited in the Opioid Abatement Trust Fund. Tex. Gov’t Code §§ 403.506(b)(1), 403.507(b)(2). The trust company distributes these funds to counties and municipalities directly. Tex. Gov’t Code § 403.506(c)(1). A set aside for an attorneys’ fee-related backstop fund is also deducted from this share. Term Sheet C.4 (“$3.925% of the combined Texas Political Subdivision and Texas Abatement Fund … plus expenses from the National Fund,” which Texas Political Subdivision Counsel are required to initially exhaust.”); See also Term Sheet C.1.

23. Tex. Gov’t Code § 403.506(c)(2)(A) (“$5 million of the amount distributed to the fund to the Texas Access to Justice Foundation to be expended only on the order of the Supreme Court of Texas for the purpose of providing basic civil legal services to indigent persons directly impacted by opioid-use disorders, including children who need basic civil legal services as a result of opioid-use disorders by a parent, legal guardian or caretaker.”)


25. Tex. Gov’t Code § 403.508(a)(1); Term Sheet B.1; Term Sheet Ex. A I.D, I.D(1) (“The Comptroller will employ the executive director of the Council and other personnel as necessary to administer the duties of the Council and carry out the functions of the Council. … The Comptroller will pay the salaries of the Council employees from the one (1) percent of the settlement funds set aside for the administration of the Council.”). See also Tex. Gov’t Code § 403.508(b) (“If the comptroller determines that the [%] allocation [for administrative expenses] exceeds the amount that is reasonable and necessary for the comptroller to administer the council and this subchapter, the comptroller may reallocate the excess money [to the OAFC’s opioid abatement strategy].”)


27. Tex. Gov’t Code § 403.508(a)(3). See also Tex. Gov’t Code § 403.508. Term Sheet Ex. A I.D (“The Council is the sole decision-maker on the funding allocation process of the abatement funds. … The executive director and personnel may assist the Council in gathering and compiling the applications for consideration; however, the Council members are the sole decision-makers of awards and funding determination.”

28. Tex. Gov’t Code §§ 403.508(a)(3) (OAFC must “develop an application and award process for funding”), (a)(4) (OAFC must “review grant funding applications and provide grant awards and funding allocations”), (a)(5) (OAFC must “monitor grant agreements … and require each grant recipient to comply with the terms of the grant agreement or reimburse the grant to the council”). See also Term Sheet B.3 (“The Texas Abatement Fund Share shall be allocated to the Opioid Council to be apportioned in accordance with the guidelines of Exhibit A, and Exhibit C hereto.”), Term Sheet Ex. A I.D (“The Council will develop the application and award process … An entity seeking funds from the Council must apply for funds; no funds will be awarded without an application.”)

29. Term Sheet A.8 (“Approved Purpose(s) shall mean those uses identified in Exhibit A hereto.”), Term Sheet Ex. A II.A (“The Council will develop the approved Texas list of abatement strategies based on but not limited to the existing national list of opioid abatement strategies…”), Term Sheet Ex. A II.A(2) (“The Texas list of abatement strategies must be approved by majority vote. The majority vote must include a majority from both sides of the statewide members and regional members in order to be approved, e.g., at least four (4) of six (6) members on each side.”). See also Term Sheet Ex. A II.A(1) (“The Council shall only approve strategies which are evidence-informed strategies.”)
30. Proposed administrative rules would require the OAFC to categorize approved strategies as treatment and recovery, prevention, or public safety training and coordination of care. Proposed 34 Tex. Admin. Code § 16.201(b)(1)-(3). The OAFC would also be required to “[w]ithin each category … rank each strategy in order of priority for grant funding,” proposed 34 Tex. Admin. Code § 16.201(c), and be empowered to “from time to time, review and amend the list of eligible strategies, the categorization of strategies, or the ranking of strategies within each category.” Proposed 34 Tex. Admin. Code § 16.201(d). The proposed rules will be finalized in July 2023 following a review of feedback from a public comment period that ended in early May. See Timeline for Opioid Abatement Fund Council (OAFC) Rule Making Process.

31. Tex. Gov’t Code § 403.509(a)(1)(A), Term Sheet Ex. A II.D(1) (“each Region [will be allowed] to customize the approved abatement strategies to fit its communities’ needs”). See also proposed 34 Tex. Admin. Code § 16.202(e)(1).


33. Tex. Gov’t Code § 403.509(a)(6), Term Sheet Ex. A II.F (“Any material developed will include online resources and toolkits for communities.”)

34. Tex. Gov’t Code §§ 403.509(a)(2) (OAFC may “wholly or partly reallocate the targeted money between regions if a region for which targeted money is allocated is unable to use all of the targeted money”), (b) (“The council may reallocate money between regions based on the funding needs of all regions if money allocated to a region lapses or is not used in the year that the money is allocated for use in the region”). See also Term Sheet Ex. A I.D(3) (“If a Region lapses its funds, the funds will be reallocated based on all Regions’ funding needs.”)

35. Term Sheet Ex. A II.E.

36. Tex. Gov’t Code § 403.503(e), Term Sheet Ex. A I.C(1).

37. Term Sheet Ex. A I.C(2)(i). See also Tex. Gov’t Code § 403.504(c) (making OAFC subject to the state’s open meetings law). OAFC may convene a closed, non-public meeting in specified circumstances. Term Sheet Ex. A I.C(2)(i)(a).

38. Tex. Gov’t Code § 403.503(b)(2).


40. Tex. Gov’t Code § 403.503(b)(5).

41. Tex. Gov’t Code § 403.503(b)(1). See also Tex. Gov’t Code § 403.503(c) (“In making appointments [for regional members], the executive commissioner of the Health and Human Services Commission shall appoint members from a list of two qualified candidates provided by the governing bodies of counties and municipalities that: (1) brought a civil action for an opioid-related harm against a released entity; (2) released an opioid-related harm claim in a statewide opioid settlement agreement; and (3) are located within the regions for which the member is being appointed.”)

42. Tex. Gov’t Code § 403.503(b)(6). But see Term Sheet Ex. A I.B (“The Governor will appoint the Chair of the Council who will not vote on Council business unless there is a tie vote, and the subdivisions will appoint a Vice-Chair voting member from one of the regional members.”).

43. Tex. Gov’t Code § 403.503(d).

44. Tex. Gov’t Code § 403.503(e).

45. Term Sheet Ex. A I.B (“A member may serve no more than two consecutive terms, for a total of four consecutive years. For the first term, four (4) members (two (2) statewide and two (2) for the subdivisions) will serve a three-year term.”)

46. Tex. Gov’t Code § 403.509(c). See also Term Sheet Ex. A II.A(2) (“The Texas list of abatement strategies must be approved by majority vote. The majority vote must include a majority from both sides of the statewide members and regional members in order to be approved, e.g., at least four (4) of six (6) members on each side.”)

47. Timeline for Opioid Abatement Fund Council (OAFC) Rule Making Process.


50. Tex. Gov’t Code § 403.506(c)(t), Term Sheet B.2, B.6. See also Texas Opioid Abatement Fund Council: Opioid Settlements at a Glance.

51. Term Sheet B.4 (“If a Subdivision for any reason is excluded from a specific settlement, the allocation percentage for that Subdivision shall be redistributed as directed by the settlement document, and if not specified, equitably among the participating Subdivisions.”)

52. Tex. Gov’t Code § 403.506(c)(t).
References (Continued)

53. City Council Resolution 20220616-053 (June 16, 2022).
54. Tex. Gov't Code § 403.505(a)-(b) and GR Account 5189. But see Term Sheet B.1, A.1 (“State Share” “to the Office of the Texas Attorney General as Counsel for the State of Texas”).
55. Tex. Gov’t Code §§ 403.505(a), (c). See also Comptroller’s January 2023 “FiscalNotes” re: Texas Opioid Abatement Fund Council. Monies in the state share will not contribute to the attorneys’ fee-related fee fund. Term Sheet C.2.
56. Tex. Gov’t Code § 403.505(c)-(d).
57. Tex. Gov’t Code § 403.505(d)(1)-(9).
58. “Gov. Greg Abbott launches $10 million effort to combat fentanyl crisis, sends overdose-reversing meds to all 254 counties.”
59. Term Sheet Ex. A II.C.
60. Tex. Gov’t Code § 403.510.
61. See OpioidSettlementTracker.com’s “States’ Initial Promises to Publicly Report Their Opioid Settlement Expenditures.”
62. Section V.B.2 of the Distributor and Janssen settlement agreements. See also OpioidSettlementTracker.com’s “Most Settlement Agreements Do Not Require Public Reporting of Opioid Remediation Expenditures.”
63. Opioid Abatement Frequently Asked Questions. Scroll to the drop-down What are my reporting requirements as a city or county?
65. Tex. Gov’t Code § 403.504(c). See also Term Sheet Ex. A I.C(2).
66. Tex. Gov’t Code § 403.504(c). See also Term Sheet Ex. A I.C(2). The OAFC may convene closed session in certain cases. Term Sheet Ex. A I.C(2)(ii).
67. About the Opioid Abatement Council.