

Virginia Opioid Abatement Authority

Overview of Distributions to Individual Cities and Counties from the OAA

1. Beginning in 2022, opioid-related settlement funds are expected to be distributed to the Commonwealth of Virginia by the settlement administrator(s) each year until at least 2038. As explained in the overview document, each settlement is divided with 30% sent directly to cities & counties, 15% directly to the Commonwealth, and 55% to the Opioid Abatement Fund which is distributed in accordance with *Code of Virginia §2.2-2374*.
 - a. As these revenues are received each year and credited to the OAA's "Opioid Abatement Fund," 15% of the Fund will be allocated for use by participating subdivisions (i.e., cities and counties).
 - b. Within this 15%, the OAA will allocate a specific distribution for each city and each county during each fiscal year based on the allocation model.
 - c. This amount is available for viewing on the [OAA website](#) and is updated periodically (based on new awards, etc.).
 - d. Each city or county is then entitled to receive their individual OAA distribution, provided the city or county completes and submits an application to the OAA that is approved by the OAA Board of Directors.
 - e. Once a project is approved, the city or county may continue that program for multiple years using the funds that are available each year, provided the city or county remains in compliance with the [terms and conditions](#) required by the OAA and submits an annual application for the program.
 - f. Cities and Counties must be able to account for the use of their distribution from the Opioid Abatement Fund separately from their direct distribution from the settlement administrators.
2. The application that the city or county submits to the OAA accomplishes the following:
 - a. Explains how the city or county plans to use the funds, to include listing out the details of each proposed project(s);
 - b. Provides estimated performance measures for each proposed project(s); and,
 - c. Confirms the city or county agrees to the [terms and conditions](#) that are attached to the use of the funds.
3. The decision on how each city or county chooses to spend its direct distribution and OAA distribution rests entirely with the governing body of the city or county, provided those uses comply with the terms of the settlement(s) and applicable state law (including specifically [§2.2-2370](#)). The OAA seeks to serve as a resource to help cities and counties remain in compliance with the settlement agreement(s) and with the *Code of Virginia*.

Overview of the Grant Process for the OAA Distribution to Individual Cities and Counties (15% of OAA Funds)

There will be an annual grant process that governs the award of the “OAA Distribution” to individual cities and counties.

The OAA follows the Commonwealth’s fiscal year (July 1 through June 30).

1. In its inception year, the OAA will require cities and counties to submit grant applications between January 19, 2023, and May 5, 2023, that accomplish the following:
 - a. Address the management of all opioid-settlement related funds that will be received in the current fiscal year (FY2023):
 - i. Identify all opioid settlement revenues received by the city or county during FY2023, including any direct distribution received from the settlement administrator;
 - ii. Identify all of the city or county’s appropriations, encumbrances, and expenditures (actual or projected) of opioid settlement funds in FY2023; and
 - iii. Propose how the city or county plans to use its OAA distribution in FY2023, even if actual expenditures will not happen until FY2024 or later.
 - b. Address the proposed management and usage of opioid settlement funds in the upcoming fiscal year (FY2024):
 - i. Take into account all revenues projected/anticipated by the city or county during FY2024 in the form of direct distribution from the settlement administrator;
 - ii. Identify any unencumbered opioid-related funds the city or county plans to carry over from FY2023 into FY2024; and
 - iii. Propose how the city or county plans to use its opioid-related revenues, including the OAA distribution for the city or county, during FY2024. This may include carryover into FY2025.
2. Beginning on October 1, 2023, and continuing thereafter for each subsequent fiscal year, the OAA grant application period will occur between October 1 and April 1. Each year this application process will:
 - a. Confirm the use of all opioid-settlement related funds in the current fiscal year:
 - i. Confirm that the plans approved by the OAA for the use of the city or county’s distribution are being implemented;
 - ii. Provide updated records regarding the actual revenues received, appropriated, encumbered, and projected to be spent;
 - iii. Provide updated actual and projected performance measures; and
 - iv. Identify any amendments that may be needed to the current year plan, which could include requesting new/additional proposed projects.

- b. Address the proposed management and usage of opioid funds in the upcoming fiscal year:
 - i. Identify all revenues projected/anticipated by the city or county for the upcoming fiscal year in the form of direct distribution from the settlement administrator;
 - ii. Identify any opioid-related funds the city or county plans to carry over from prior years for appropriation in the upcoming year; and
 - iii. Propose how the city or county plans to use all of its opioid-related revenues, including the OAA distribution for the city or county, during the upcoming fiscal year.
 - iv. The proposal must confirm the city or county will comply with the OAA's [terms and conditions](#).

General Considerations

- 1. Once a city or county has received approval on a project or set of projects, the city or county may continue to appropriate its OAA distribution for the same project(s) every subsequent year, as long as the city or county remains in compliance with the terms and conditions required by the OAA. This will allow each city and county to make long-term plans for considerations such as staffing and ongoing operational costs.
- 2. It is possible, especially during the first year of this process, that a city or county intends to utilize its procurement process and needs to complete that process in order to provide an expected budget in order to submit a proposal to the OAA. In that event, the city or county may submit a funding request with the expected total amount for the project, and if the actual cost of the contract or service requires that budget be amended, the OAA will work with the city or county to make that amendment (see the amendment process on page 4).
- 3. Beginning in FY2025, the OAA will require cities and counties to repay any unencumbered balances to the OAA by September 1 of the following fiscal year, unless a carryover request is submitted meeting the following conditions:
 - a. The carry-over was planned and submitted as part of the approved project budget, or
 - b. The city or county is making reasonable and measurable progress to implement its project(s) as described in the approved proposal and
 - c. The city or county remains in compliance with the terms and conditions of the OAA.
- 4. After the first two fiscal years (FY2023 & FY2024), if a city or county fails to apply for all of its OAA distribution, or if the application is not approved, that OAA distribution will remain available to be awarded to the city or county upon the receipt of an acceptable application, until the end of the following fiscal year's grant application period. For example, if a city or county has an amount of funding allocated for its use by the OAA in FY2025, the city or county has until April 1, 2025 to submit a successful proposal for the use of those funds.

Amendment Process

Once a proposal has been approved by the OAA, amendments will be handled as follows:

1. At all times, regardless of any amendment, the city or county must remain in compliance with the OAA's [terms and conditions](#).
2. A city or county may appropriate additional revenue that it receives for any approved project. In this event the OAA shall be notified of the change using forms approved by the OAA.
3. A city or county may reduce its appropriated amount for a project without increasing the appropriation to another approved project. In this event the OAA shall be notified of the change using forms approved by the OAA.
4. A city or county may initiate line-item budget transfers within a project without seeking approval from the OAA.
5. A city or county may transfer funds between approved projects as long the total amount appropriated for all of its OAA-approved projects does not change.
6. If a city or county would like to propose a new project, there are two options:
 - a. Submit the new proposed project as part of the annual budget cycle;
 - b. Request special consideration outside the normal grant cycle on forms approved by the OAA.

Use of OAA Individual Distribution to Cities and Counties for Cooperative Projects Involving Multiple Cities and/or Counties

Cities and counties have the option to appropriate a portion of their OAA Individual Distribution to a cooperative partnership project. Cities and counties do not have to submit an Individual Distribution application to appropriate the OAA Distribution to a cooperative project. The Cooperative Partnership Agreement should document the commitment and amount any cities and or counties that elect to apply the OAA Individual Distribution to the cooperative project.

Creating a Reserve with the Direct Distribution

Over the life of the settlements, direct distributions from the settlement administrator (30% of the total) to cities and counties will begin to decline in the out years. For this reason, cities and counties have the option of creating a reserve with their direct distributions (30% of the total) to help fund projects in future years when payments are lower. If the city or county elect to implement this option, they will need to:

1. Ensure those future projects meet the OAA [terms and conditions](#)
2. Separately account for the direct distribution, the OAA distribution, and the reserved amount

3. Publish the projected financial strategy for this reserve fund in the city or county's annual budget.
4. If the city or county is participating in the OAA's Incentive program, the reserved funds may only be used in accordance with the "Gold Standard" as described in the OAA's Incentive Policy.

Evaluation Criteria

Applications will be evaluated on how they meet the criteria laid out in the following documents:

1. The [terms and conditions](#) of this funding opportunity
2. The conditions and restrictions under *Code of Virginia §2.2-2370*
3. The allowable uses under each settlement agreement
 - a. Example: [Exhibit E from Distributors and Janssen Settlements](#)

For any applications the OAA determines do not meet the established requirements, the OAA will assist the applicant to revise the application to facilitate compliance. For any applications where the OAA Grants Committee recommends denial, the applicant will have the opportunity to present its appeal to the OAA board before a final decision is made.

Voluntary Application and Terms and Conditions for Cities and Counties Incentive

To encourage participating cities and counties to use all of their Direct Distribution funds fully for remediation and abatement, and to encourage participating cities and counties to report the use of their Direct Distribution funds to the OAA for the purpose of ensuring statewide adherence to the various settlement agreements, the Board hereby offers a [voluntary financial incentive](#) to each participating city and county. For each fiscal year that a participating city or county agrees to use and report their Direct Distribution funds according to the same standards they are required to use and report their OAA Distribution funds (i.e., the Gold Standard), the Board agrees to increase that city or county's OAA Distribution by 25% above the base amount for that same fiscal year.