DRUG MONEY

HOW WISCONSIN'S COUNTIES ARE (MIS)SPENDING MILLIONS IN OPIOID SETTLEMENT FUNDS WITHOUT OVERSIGHT OR ACCOUNTABILITY

ABOUT IRG

The Institute for Reforming Government, along with its partner organization IRG Action Fund, is focused on developing free-market and limited-government reforms, taking action on them, and getting results for Wisconsin. Founded in 2018, IRG has quickly grown into one of the state's leading think tanks, boasting an elite policy and legal team with decades of experience in state and federal government, trade associations, and statewide campaigns.

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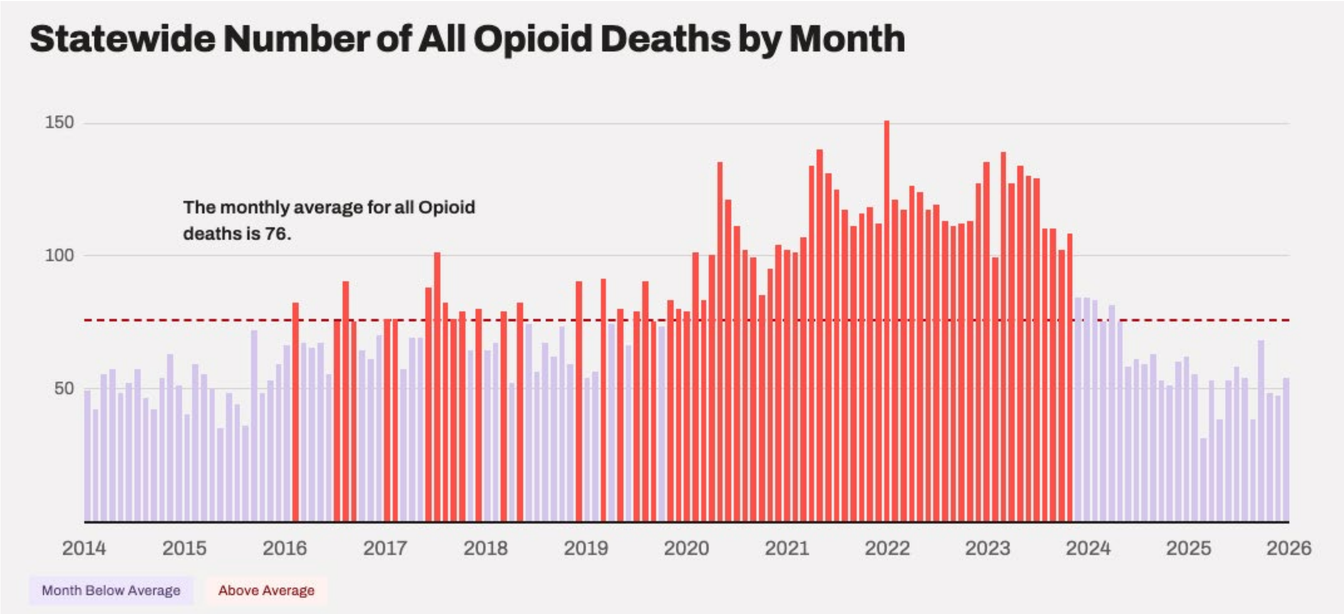
- IRG recommends an overhaul of the oversight framework for county opioid spending, including a dedicated oversight body, stronger reporting requirements, and a digitized reporting portal as settlement spending continues into the next decade

Background: The opioid epidemic represents one of the worst public health catastrophes in United States history, with the CDC reporting over 800,000 deaths from opioid overdoses from 1999 to 2023.[1] That number includes many thousands of Wisconsinites.[2] In 2023, 1,415 Wisconsin residents died of an opioid-involved overdose—down slightly from a peak of 1,459 in 2022 but still nearly four deaths every day, and roughly 80% of all drug overdose deaths in the state.[3]



Sources: Wisconsin number of all Opioid deaths by month from Jan. 2014 to Jan. 2026 from [DHS](DHS).

[1] *Understanding the Opioid Overdose Epidemic*, U.S. Centers for Disease Control and Prevention, available here.

[2] *Combating Overdose Deaths,* Wisconsin Department of Justice, available here.

[3] *WISH: Opioid Overdose Deaths, Wisconsin 2000-2024*, available here.

The scale of the opioid crisis becomes clear when Wisconsin is compared with its neighboring states. The table below compares Wisconsin with its four neighboring states (rates are deaths per 100,000 population).

State	Opioid overdose deaths (2023)
Wisconsin	25.1
Minnesota	18.1
Iowa	8.4
Illinois	22.5
Michigan	23.4
United States	24.0

Sources: opioid overdose death rates (age-adjusted, 2023) from KFF / CDC.

Opioid deaths are concentrated in Wisconsin's urban centers but are no longer confined to them. Milwaukee County alone recorded 668 drug overdose deaths in 2023 and consistently accounts for the largest single share of the statewide total. At the same time, the epidemic has spread deep into rural Wisconsin: the number of counties reporting any opioid-related deaths climbed from just 36 in 2004 to 68 of the state's 72 counties by 2023.[4] The burden of opioid deaths in Wisconsin falls unevenly across demographic groups. By sex, men die at more than double the rate of women. By age, deaths are concentrated among working-age adults 18–64, though every age group has seen double-digit growth since 2018. By race and ethnicity, American Indian and Black Wisconsinites now die at three to four times the rate of white residents, and their rates have risen fastest.

Race / ethnicity	Deaths (2021–2023)	Rate per 100,000
American Indian	176	81.1
Black	873	74.4
Hispanic	353	25.2
White	3,157	20.6
Asian	28	4.9

Age group	Deaths (2021–2023)	Rate per 100,000
1–17	32	0.9
18–44	2,464	40.5
45–64	1,594	35.2
65 and older	218	6.6

[4] *DHS Opioid Deaths Dashboard*, available here.

State and local governments have reacted in part by suing opioid manufacturers, distributors, and pharmacies.[5] These lawsuits resulted in settlements pursuant to which Wisconsin will receive over $874 million from 2022 through 2038.[6] Under state law,[7] 30% of settlement funds go to the State with local governments receiving the remaining 70%.[8] These local governments include 71 of 72 Wisconsin counties and 16 municipalities like the cities of Milwaukee and Wauwatosa (hereinafter referred to collectively as "counties" except where otherwise noted).[9] The money is to be used to "address the misuse and abuse of opioid products," "treat or mitigate opioid use or related disorders," and "mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic."[10]

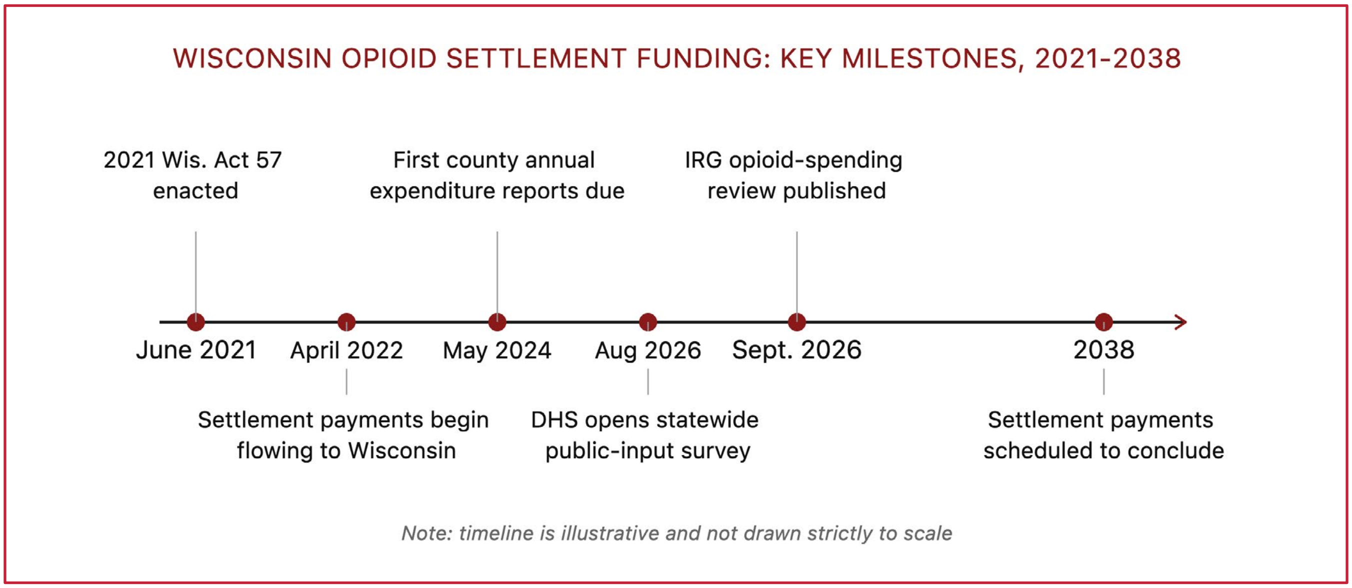


Figure 1. Key milestones in Wisconsin's opioid settlement, from enactment of the state's allocation statute in 2021 through the scheduled end of payments in 2038

State spending of opioid settlement funds is subject to direct oversight by the Legislature's Joint Committee on Finance.[11] This report focuses on local government spending of opioid settlements funds. With such a massive amount of money (over half a billion dollars) being distributed to and spent by counties in a decentralized manner, the opportunity for waste, fraud, and abuse is obvious. One might, therefore, expect tight controls and meticulous reporting on county expenditures.

What is actually occurring, however, is closer to an unsupervised free-for-all.

[5] *Wen W. Shen, National Opioid Litigation: Settlement Agreements as of January 2025*, Congressional Research Service (Feb. 19, 2025), available here.

[6] *Opioids: Settlement Funds*, Wisconsin Department of Health Services, available here.

[7] 2021 Wis. Act 57, available here.

[8] *Opioids: Settlement Funds, supra* n.4.

[9] *See, e.g., Distributor Settlement Agreement* at C-38 to C-39, available here. Polk County is the single non-participating Wisconsin County.

[10] *Id.* at 6.

[11] *See, e.g.,* Wis. Stat. § 165.12(3).

THE PROBLEM(S)

Two problems plague opioid settlement spending at the local level.

First, controls on county spending of funds are relatively lax, at least as currently applied.

Procedurally, while counties must segregate the money and include it in their "typical audit process," the primary statutory disclosure mechanism is an annual report each county submits to the Joint Committee on Finance and Department of Justice by May 1 setting forth the amount of money in the segregated account and an "accounting of the receipts and disbursements from the segregated account" in the previous year.[12] Substantively, counties may only spend these funds "for purposes identified as approved uses for abatement in the settlement agreement or by court order."[13] As will be seen, while in theory these provisions might provide meaningful guardrails around county spending, in practice they do not. There are over 100 approved settlement purposes, many of which are broadly worded, and counties freely provide only barebones reporting on how they spent their money.

This leads to the second problem with local opioid settlement spending. The lack of controls might be less worrisome if the evidence suggested that counties were properly spending funds. But IRG's independent review of county data, most recently updated in May-June 2026,[14] raised numerous serious concerns:

"HARM REDUCTION" SPENDING

Counties are using significant amounts of their settlement dollars to fund controversial so-called "harm reduction" tools that, rather than preventing drug use in the first place, seek to make drug use safer. These include items like clean needles, smoking kits, and test strips used to pre-check drugs for the presence of unwanted substances like fentanyl.

Opposition to these types of initiatives rests on the concern that providing drug users with equipment encourages—in fact, directly aids—illegal drug use. Indeed, in April of this year the Trump Administration's Substance Abuse and Mental Health Services Administration confirmed that federal SAMHSA funds could no longer be used for needles, pipes, or substance test kids because these "facilitate illicit drug use and are incompatible with Federal laws."[15]

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[12] Wis. Stat. § 165.12(4)(b)–(c).

[13] Wis. Stat. § 165.12(4)(b)2.

[14] Annual county/municipality reports are available here, here, here, and here. These reports are cited as "Report" below with the relevant date and PDF page number.

[15] Dear Colleague letter, Substance Abuse and Mental Health Services Administration (Apr. 24, 2026), available here.

Many Wisconsin county administrators do not appear to share this view. Just to take a few of many examples: Wood County, home of Wisconsin Rapids, reported $61,033 spent on syringe services in 2025 and plans to offer "direct address delivery services by request" via a third party.[16] (Estimating a county population of 74,000 and a per-syringe cost of $0.10, that works out to about 8 syringes for every single resident of the county if the money had been spent on syringes alone.) Milwaukee County awarded a $200,000 grant to a third-party syringe and test strip provider, and another $200,000 grant to a third party that will supply safer smoking or injecting kits.[17] Many other counties reference needle- or test strip-related expenditures like Dane, Eau Claire, Iowa, Juneau, Sauk, and Walworth, just to name a few.[18] Many offer vending machines that dispense harm reduction items.[19]

Do county residents even know that their governments are spending thousands of dollars to subsidize drug use?

Are these really the best use of settlement dollars, or should the money go to other uses like actual prevention and treatment? Finally, are some of these expenditures illegal? One 2026 article notes that Dane County recently halted a program that provided smoking supplies in light of concerns that it violated drug paraphernalia laws.[20] As referenced above, however, at least one county (Milwaukee) appears to have funded a similar program.

SPENDING OUTSIDE APPROVED USES

Some county expenditures do not track well onto the list of approved uses for settlement funds. This matters because counties are statutorily required to spend settlement moneys "solely for purposes identified as approved uses for abatement in the settlement agreement or by court order" and statutorily barred from "us[ing] moneys from the segregated accounts to substitute for budgeted moneys from the other sources."[21]

These types of expenditures fall into two categories.

[16] Report (May 22, 2026) at 378–379.

[17] *Id.* at 218, 221.

[18] *Id.* at 92, 120, 142, 298, 342. Dane County's report does not appear to be included in the initial submissions to the Legislature and is discussed below.

[19] *See, e.g., id.* at 120.

[20] Addie Costello, *Dane County ends safer smoking program that conflicted with Wisconsin law,* Wisconsin Watch (May 26, 2026), available here.

[21] Wis. Stat. § 165.12(4)(b)2.–3.

First are those counties spending funds on projects only partially related to opioid abatement. Take Oconto County, which appears to be spending $90,000 on the installation of Flock cameras, contentious devices also known as AI-powered Automated License Plate Readers.[22] These cameras will presumably track far more than opioid-related incidents. Likewise Milwaukee County, which spent $19,450 on 5 autopsy carts and $192,448 on a portable body cooler, which again will presumably be used in a variety of circumstances, not simply opioid abatement.[23] Or the City of South Milwaukee, which spent $32,711.78 on a Mobile Integrated Health vehicle and related fees.[24] Or Oconto again, which gave thousands of dollars to two of its school districts for "after-prom events."[25]

These may be laudatory purchases in the abstract, but are municipalities simply using settlement funds to cover general budgetary needs or wish list items? Compare the Village of Mount Pleasant, which more carefully estimated that a Crime Scene Respond/Command Van it acquired would be used to support opioid/drug addiction-related incidents at least 20% of the time and therefore subsidized only 17% of the purchase with settlement funds.[26]

Second are those counties spending funds on projects more remotely related to opioid abatement. An unstated portion of Milwaukee County's requested $2,290,541 for the medical examiner's office is to be allocated toward "student loan forgiveness for a forensic pathologist."[27] That is nice for the pathologist, but how does it really address the opioid epidemic? Other counties use segments of their funds for government handouts. Waushara County spent thousands buying gas cards, groceries, and smoke alarms for foster families.[28] Manitowoc County, Marquette County, and the City of West Allis subsidized rent.[29]

Are these programs getting drug users back on their feet or sustaining their misery?

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22 Report (May 22, 2026) at 236.

23 *Id.* at 202, 205.

24 Report (June 15, 2026) at 20, 22.

25 Report (May 22, 2026) at 235.

26 Report (June 15, 2026) at 13.

27 Report (May 22, 2026) at 203.

28 *Id.* at 367.

29 *Id.* at 174, 188; Report (June 15, 2026) at 31.

DISCRIMINATORY SPENDING

In at least a couple of cases, counties have targeted special segments of the population.

Although Dane County's documentation is harder to locate,[30] the county appears to have provided an organization called Outreach, Inc. with a sizable grant of $115,000 in 2025.[31] Outreach is a nonprofit advertising itself as an "LGBTQ+ Community Center."[32] The purpose of the provided money is to fund "1.5 FTE opioid overdose prevention positions to work with marginalized communities including the LGBTQ+ community, as well as currently and formerly incarcerated individuals," with activities to include "distributing harm reduction materials."[33] Outreach's website explains that its "harm reduction supplies" include "sexual health supplies like Plan B."[34] Dane County residents might fairly question whether the County should be directing limited opioid abatement dollars to special interest groups (as opposed to combatting opioid abuse wherever it occurs) and whether the County is subsidizing distribution of sex supplies and the morning after pill among these groups.

Similarly, Milwaukee County explicitly devoted over $1 million to "reduc[ing] opioid overdoses in Black and Brown communities"[35] despite hundreds of overdoses by white and Asian residents in the County each year.[36] Is Milwaukee County engaged in constitutionally suspect, race-conscious spending or, if not, simply wasting funds on empty virtue-signaling?

OPAQUE GRANTEE SELECTION AND SUPERVISION

As the above discussion indicates, in many cases counties are granting settlement funds to third-party organizations. But Wisconsin Stat. § 165.12 does not itself require counties to include in their reports explanations of how grantees were chosen, how grants are overseen, and copies of grant documentation like contracts and reports. Without these materials, it is impossible for the Legislature and the public to meaningfully track opioid spending decisions, determine whether grants were competitively bid, and so on.

For example, Milwaukee County provided $200,000 to an organization that works with "women in the street-based sex trade" and appears to oppose criminalizing prostitution.[37] The money will fund "an array of

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30 As noted, Dane County's report does not appear to be included in the initial submissions to the Legislature.

31 Dane County Opioid Settlement Funding 2025 Designated Spending, available here.

32 Outreach LGBTQ+ Community Center, available here.

33 Dane County Opioid Settlement Funding 2025 Designated Spending, *supra* n.29.

34 Harm Reduction Services, Outreach LGBTQ+ Community Center, available here.

35 Report (May 22, 2026) at 209–210.

36 Overdose, Milwaukee County, available here.

37 Report (May 22, 2026) at 217; *Homelessness*, Benedict Center, available here.

prevention, risk reduction, and health promotion services to women in the street sex trade in Milwaukee who use opioids and other drugs that put them at risk for overdose and death."[38] These services include things like "Creative Healing Services" and "Housing Advocacy" but further detail is not provided.[39] Reasonable readers of these reports may wonder how, exactly, the money will be used and which groups were denied funding to make room for this grant.

In 2025 Crawford County funded a recovery drop-in center—that is, "a safe, drug-and-alcohol-free community space" that "focus[es] on social connection and peer-to-peer support"—called Building Hope, Inc. in the amount of $20,000.[40] But information about the group and its grant request is sparse and confusing. A Crawford County official proposed funding the group on February 7, 2024 *before* the County had adopted a formal procedure for awarding grants; that request was approved unanimously.[41] It was only a year later that the same official, noting the need to "protect the county from any misallocation of funds," suggested formalizing the grant process,[42] which months later led to the production of a "formal disbursement policy," an "application form," and other documents.[43] Good—but how, then, did Building Hope obtain its grant in the first place? Was there a competitive process? For that matter, who runs the organization? The only individual listed online is the organization's registered agent, who appears to be a former county official.[44] The organization is set to receive an additional $43,000 this year.[45]

In sum, basic information essential to ensuring funds are allocated and spent appropriately is often not easily accessible (absent the cumbersome process of individually requesting records from 71 counties).

NO EXPENDITURES

Review of county reporting revealed an additional, different kind of problem: numerous counties reported no expenditures despite holding hundreds of thousands or even millions of dollars in funding. La Crosse County, for example, spent none of its $2.9 million; Marathon County spent none of its $2.2 million; Dodge County spent none of its $2.1 million; Green Lake spent none of its $484,000; Door County spent none of its $456,000; Burnett spent none of its $368,000; and so on.[46] While this inactivity may in some cases be explained by the availability of alternate funding (including from the state), and while some counties expressed an intent to spend the money in the future, the large amount of funding lying dormant nevertheless raises questions about whether counties need additional guidance in locating appropriate uses for the settlement money and disbursing it in a timely manner. Marathon County, for instance, forthrightly stated that it was experiencing challenges in "utilizing the funds in the most effective way for the county."[47]

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38 Report (May 22, 2026) at 217.

39 *Id.*

40 *Id.* at 62; Building Hope, LLC, available here.

41 Minutes, Finance Committee, Crawford County (February 7, 2024), available here.

42 Minutes, Finance Committee, Crawford County (February 19, 2025), available here.

43 Minutes, Finance Committee, Crawford County (May 21, 2025), available here.

44 Building Hope, Inc., Wisconsin Department of Financial Institutions, available here.

45 Minutes, Finance Committee, Crawford County (May 20, 2026), available here.

46 Report (May 22, 2026) at 31, 64, 68, 113, 152, 176.

47 *Id.* at 179.

VAGUE REPORTING

As noted, Wisconsin statute requires that county annual reports contain an "accounting of the receipts and disbursements from the segregated account" in the previous year.[48] What level of detail this requires remains unspecified, and unfortunately this means that county reports are filled with only vaguely described expenditures.

Manitowoc reported spending (exactly) $500,000 on "Prevention Programs," described as "expenditures for the Human Services department and opioid response mitigation."[49]

Lincoln County reported a total expenditure of $38,683.80 on "Data Collection and Research," then explained this included "training related to various opioid summits/conferences" and "wage, fringe and other expenses directly related to the Task Force Coordinator's work and the Task Force's work," among other line items, without further clarification or even a description of how much of the $38k went to each sub-item.[50]

The City of Milwaukee spent over $1.6M, yet divided this money into just 4 buckets with no additional numeric detail. It reported, for example, $101,323.46 on "Planning & Coordination – Milwaukee Health Department." That provides no meaningful information to the Legislature or the public.

Again, these examples are representative. Many counties besides these similarly failed to provide a detailed accounting of expenditures.

MISSING REPORTS

Finally, as the cover sheet to the annual reports notes, several entities may have failed to submit their statutorily-required reports at all.[52] This is, perhaps, reflective of the general toothlessness of the reporting process.

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48 Wis. Stat. § 165.12(4)(c).

49 *Report (May 22, 2026) at 173. A later section in the report adds a small amount of additional discussion but it is unclear to what extent the discussion relates to the $500,000 and no breakdown of costs is provided.*

50 *Id. at 167, 169.*

51 *Id*. at 391.

52 *Id*. at 2.

LACK OF PUBLIC INPUT

The State itself now seems to recognize the public input on this opioid settlement funding matters. On August 20, 2026, DHS announced[53] that it is inviting Wisconsinites to submit ideas through an online survey[54] open now through September 30, on how it shares (30%) of future opioid dollars. It is interesting that the state is only now years into disbursement asking residents for their thoughts on where this money should go is very telling. The survey only pertains to 30% of settlement funds controlled by the state while the other 70% is continuing to flow to counties where over half a billion dollars spent and reporting remains very incomplete and little meaningful transparency. If the state genuinely believes Wisconsinites deserve a voice in how these life-saving funds are spent, that principal should extend to the county dollars that make up the bulk of the settlement.

[53] *DHS Collecting Feedback on How to Save More Lives with Future Opioid Settlement Funds, DHS (Aug. 20, 2026)*, available here.

[54] *DHS SFY 2026 Opioid Settlement Public Input Survey, DHS (Open through Sept. 30, 2026),* available here.

POTENTIAL SOLUTIONS

The preceding high-level summary of issues surrounding county expenditure reporting shows that additional oversight of the process is necessary. But how to accomplish this? Several potential solutions are available.

CREATE A DEDICATED OVERSIGHT BODY

A major problem with the current framework is the lack of an obvious oversight body. While the Legislature's Joint Finance Committee, the Department of Justice, and the Department of Health Services all have roles to play in Wisconsin's expenditure of opioid settlement money, none appear to have the obligation to directly monitor and audit county spending. Instead, counties are left to oversee their own compliance—an obvious conflict of interest. The Legislature and counties could collaborate to create an advisory oversight committee reposed in one of the bodies just mentioned with authority to review submissions more closely, request additional documentation, or preauthorize spending. Some states have analogous entities that could be referenced in determining the best balance between local autonomy and measurable oversight. For example, Colorado's Opioid Abatement Council oversees Colorado's Regional Share of settlement dollars, which is in turn managed locally by regional opioid abatement councils.[55]

ESTABLISH A DIGITIZED PUBLIC REPORTING PORTAL

While some county expenditure information is technically in the public domain, it is difficult and time-consuming to compile the activities of 87 different government entities. Even where the information is compiled in one location, namely, in the case of the annual reports, the "database" is not user-friendly since many of the reports are not text-searchable and are simply scanned and saved into one or more PDFs. There is no reason for this antiquated approach. The state should create a digital submission portal and require digital annual reporting. This would permit, in conjunction with the recommendation next discussed, electronic submission of additional documents like grants and budgets. Additionally, it would allow for continuously-updating metrics and the generation of a user dashboard where county activities could quickly be searched and compared.

STRENGTHEN REPORTING REQUIREMENTS

While an annual report is a good start, IRG's review confirms that counties are too easily circumventing the requirement by submitting documents that in reality disclose very little. The Legislature should reinvigorate reporting requirements in two ways.

First, with respect to existing requirements, there is too much room for interpretation in the phrase "[a]n accounting of the [county's] receipts and disbursements";[56] at present, all a county apparently needs to do to meet this obligation, for example, is to report that it spent $500,000 on "Prevention Programs" (Manitowoc).

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[55] Colorado Opioid Abatement Council, available here.

[56] Wis. Stat. § 165.12(4)(c).

The Legislature should define the term and mandate a more detailed listing of expenditures. This could require a comparison of the county's budgeted items to what was spent, month-by-month summaries, or even transaction-level reporting.

Second, counties should provide more than just a single annual report. In North Carolina, for instance, local governments submit pre-expenditure Spending Authorization Reports that let "everyone know how a local government plans to make use of opioid settlement funds before they are spent," due "within 90 days of the passage of a budget or resolution/ordinance authorizing the expenditures of opioid settlement funds. The report details what strategies a local government plans to fund, in what amount, and for how long."[57] In contrast, Wisconsin's annual report simply asks a county to "[i]dentify initiatives . . . being considered for future expenditure with additional proceeds, if any," in narrative format.[58]

Other reports may be advisable. In particular, given the additional oversight concerns associated with grants to private third parties, counties should submit reports that not only identify third-party partners but provide detailed timelines for grant spending, relevant benchmarks, grant documentation (e.g., the application) and progress reports from the partner. Again, at present the requirements are much less rigorous, with the form report only asking counties to "[i]dentify third-party initiatives supported by [this year's] expenditures."[59]

CLARIFY PROPOSED USES

It is apparent that counties require guidance as to proper uses of settlement funds. The Legislature, Department of Justice, or Department of Health Services could clarify approved uses, such as by enumerating which types of spending do not satisfy applicable settlement agreements.

HOLD OVERSIGHT HEARINGS

Finally, as this document only takes a high-level look at county opioid spending, the Legislature should exercise its oversight authority and investigate county spending more closely. This could include hearings at which county officials have the opportunity to explain their spending decisions. IRG itself intends to continue its investigation via public records requests and other avenues.

Wisconsin's expenditure of opioid settlement funds is not some minor initiative. Again, the State is projected to receive over $874 million from 2022 through 2038. Wisconsin is now 25% of the way through this timeline. This is a sensible time for state officials to check in on local spending and ask what could be done better so that these funds are not squandered.

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57 CORE-NC, Reporting, available here.

58 Report (May 22, 2026) at 6.

59 *Id.*

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