



PORTLAND PUBLIC SCHOOLS
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Date: August 2, 2022

To: PPS Board of Education Directors

From: Kate Wilkinson, Associate General Counsel

cc: Guadalupe Guerrero, Superintendent
Liz Large, Contracted General Counsel

Subject: Oregon's Opioid Settlement; Release of Claims

BACKGROUND

The Oregon Department of Justice recently contacted PPS seeking a release of claims related to Oregon's Opioid Settlement. The settlement will result in the State, cities and counties receiving nearly \$425 million. 55% of those proceeds will be directed to cities and counties, and the remaining 45% of the funds will be used by the State. [See full settlement agreement here](#). PPS has been asked to sign a release of claims to expedite the distribution of these funds.

The settlement with defendants contains a provision that if certain special districts (one hospital district, three school districts - Salem-Keizer, Beaverton and Portland, and 15 fire districts) all sign such releases, \$45 million of the funds will be paid by the defendants in the first year instead of the money being paid over four years ("acceleration"). PPS was not a party to the lawsuit or the discussions that led to including this language in the settlement agreement.

This suit was part of multidistrict litigation (MDL) and individual state actions, made up of many plaintiffs. In Oregon, several counties and the City of Portland were removed to the MDL. All of the parties have now reached agreement to resolve their lawsuits against one manufacturer for its role in the opioid crisis, Janssen Pharmaceuticals, commonly known as Johnson & Johnson.

Impact on PPS to Signing Release

55% of the settlement funds will go to cities and counties, including the City of Portland and Multnomah County. Those funds will be distributed via grants and PPS can apply for grant funds.

All of the settlement funds will fund treatment and prevention of opioid abuse and the programs that will receive those funds are specifically targeted at those areas. See [Exhibit E](#).

Those programs will very likely directly benefit PPS families and community.

The release will allow more funds to flow into those programs in the first year. Given the doubling in opioid deaths last year, the need for prevention and treatment funds is urgent.

<https://www.oregon.gov/oha/PH/DISEASES/CONDITIONS/COMMUNICABLEDISEASES/CDSUMMARYNEWSLETTER/Documents/2022/ohd7102.pdf> and <https://www.multco.us/battling-opiate-epidemic>.

The following table illustrates the increased funds with the releases (“acceleration”):

Payment	Year	Multnomah County		City of Portland	
		As Scheduled	With Acceleration	As Scheduled	With Acceleration
Janssen Payment 1	2022	\$ 310,111.50	\$ 3,487,336.08	\$ 183,736.05	\$ 2,066,190.24
Janssen Payment 2	2022	\$ 723,496.41	-	\$ 428,659.93	-
Janssen Payment 3	2023	\$ 579,070.42	-	\$ 343,089.86	-
Janssen Payment 4	2024	\$ 889,140.31	-	\$ 526,801.26	-
Janssen Payment 5	2025	\$ 985,517.43	-	\$ 583,903.14	-
Janssen Payment 6	2026	\$ 175,890.49	\$ 175,890.49	\$ 104,212.27	\$ 104,212.27
Janssen Payment 7	2027	\$ 175,890.49	\$ 175,890.49	\$ 104,212.27	\$ 104,212.27
Janssen Payment 8	2028	\$ 175,890.49	\$ 175,890.49	\$ 104,212.27	\$ 104,212.27
Janssen Payment 9	2029	\$ 223,939.36	\$ 223,939.36	\$ 132,680.45	\$ 132,680.45
Janssen Payment 10	2030	\$ 223,939.36	\$ 223,939.36	\$ 132,680.45	\$ 132,680.45

Janssen Payment 11	203 1	\$ 223,939.36	\$ 223,939.36	\$ 132,680.45	\$ 132,680.45
TOTAL		\$ 4,686,825. 64	\$ 4,686,825.64	\$ 2,776,868.41	\$ 2,776,868.41

The opioid epidemic has had horrific effects on PPS students and families, including tragic losses of life. The Board recognized that our students are impacted by opioids and recently acted to include Naloxone (NarCan) in Policy 4.50.26-P <https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/4814/4.50.026-P.pdf>.

Potential negative impacts

Signing the release will release claims that PPS may have against this particular group of opioid defendants (the Janssen defendants - the company and its subsidiaries etc.) regarding their marketing and promotion of opioids. (In 2020, defendants discontinued all of its prescription pain medications in the United States).

However, there are significant obstacles to PPS individually suing opioid defendants, including enormous costs (both monetary and in staff time). PPS does not have any plans to bring claims against Janssen, and some claims may have statute of limitations hurdles. Nothing in this release precludes PPS from bringing claims in the future that arise after the date of the release.

Other Releasors

The Special Districts Association of Oregon (SDAO) is recommending that its members sign the agreement (as of July 27, 2022). [Beaverton SD](#) and [Salem-Keizer SD](#) have both approved and their superintendents have signed the release.

STAFF RECOMMENDATION

Legal counsel recommends that the Board agree to the release. PPS would be releasing claims that it has not planned to bring, enabling significant funds to be used in our community on this continuing public health crisis.

¹ Special districts are a form of local government. Most perform a single function such as water delivery, fire protection, wastewater or cemetery maintenance, etc. The Special Districts Association of Oregon (SDAO) represents approximately 950 districts across the state including the fire and hospital districts also asked to sign releases related to this settlement. <https://www.sdao.com/>

As a member of the PPS Executive Leadership Team, I have reviewed this staff report.

_____ (Initials)