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# TRENDS IN CHILD WELFARE

THE STATE OF ARIZONA'S CHILD WELFARE  
SERVICES AND CHILD WELFARE NEEDS

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## ABOUT COMMON SENSE INSTITUTE

**Common Sense Institute** is a non-partisan research organization dedicated to the protection and promotion of Arizona's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Arizonans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Arizonans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Arizona economy and individual opportunity.

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## ACKNOWLEDGEMENTS

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# INTRODUCTION

In a landmark study on what the economists Nathaniel Hendren and Ben Sprung-Keyser referred to as the “Marginal Value of Public Funds,” the authors analyzed over 130 policy changes across five decades.<sup>1</sup> They found that targeted investments in children, particularly to low-income children through early childhood, health, and education programs, may offer the highest returns of any government expenditure. Some programs may provide as much as \$10 in societal benefits for every \$1 spent, including higher lifetime earnings, better health outcomes, and reduced public costs in health care and criminal justice.

Research by H. Luke Shaefer<sup>2</sup>, Shantel Meek<sup>3</sup>, Hilary Hoynes<sup>4</sup>, Diane Schanzenbach<sup>5</sup>, Anna Aizer<sup>6</sup>, Adriana Lleras-Muney<sup>7</sup>, Douglas Almond<sup>8</sup>, Irwin Garfinkel<sup>9</sup>, Laurel Sariscsany<sup>10</sup>, Elizabeth Ananat<sup>11</sup>, Sophie Collyer<sup>12</sup>, Christopher Wimer<sup>13</sup> and others show similar results in terms of targeted investments in children. These authors have all found that certain types of investments in children yield strong returns on investment and improved outcomes across a variety of programs and systems.

This paper examines these findings within the context of improving economic and social conditions – particularly for children – since 2010. Our findings suggest declining DCS caseloads may reflect a combination of agency and policy priority, but also improving conditions for children generally and reduced need for later interventions. Overall, Arizona’s economic success is also a child-welfare success

Still, sometimes conditions demand public intervention. Over the years, the Department of Child Safety (DCS) and its predecessor organizations (Division of Children, Youth and Families under the Department of Economic Security) have been tasked with preventing abuse, neglect, and family breakdown while balancing parental and children’s rights, accountability, transparency, and fiscal responsibility.<sup>14</sup> Today, DCS is a \$1.4 billion agency. Other state child welfare spending – directly related to children suffering from or at risk of abuse, neglect, or general family breakdown – totals up to \$500 million.

Despite that policy focus and fiscal investment, in 2014 Arizona’s child welfare system faced a profound crisis that drew national attention when it was revealed that thousands of reports of abuse and neglect had gone uninvestigated. In response, the state took decisive action by establishing an independent agency - the Arizona Department of Child Safety (DCS) – and radically changing how it operated. Those reform efforts remain ongoing.

Since then, DCS has dramatically reduced the backlog of open and uninvestigated reports.<sup>1</sup> Despite a steady increase in incoming reports, fewer children are now entering out-of-home care (e.g., group or family foster care). An increasing proportion of children who come to the attention of DCS either remain safely in their original homes or are placed with relatives or other kin.

<sup>1</sup> For example, according to DCS “open reports” have declined from about 33,000 to 8,000 over the last decade.

## KEY FINDINGS

- Decades of research support the conclusion that children perform best when placed with their families or close relatives. Of the out-of-home care options, congregate placements perform worst in terms of outcomes, and are among the most expensive for taxpayers. Public programs that prioritize child abuse prevention, family reunification, and general improvements in child welfare have a much higher return than reactive services that remove children from their homes.
- Beginning in the 2010's, Arizona's ongoing economic and child-welfare reforms have produced meaningful progress. Child poverty and hunger have fallen by a third, and from its 2015 peak the number of children in out-of-home care has been cut in half; **children in congregate care, specifically, has fallen by more than 1,000 children.**
- Arizona's child welfare system is relatively efficient. Across all state agencies and major nonprofits, funding for child-welfare in Arizona is less than \$2 billion per year (+70%-75% relative to estimated child welfare spending in 2015), and over half of that (\$1.4 billion) goes to the Department of Child Safety. For context, the state total General Fund and K-12 education budgets have roughly doubled over the same period. Federally-funded homeless spending grew over 150% in a decade.
- Relatively speaking, the public and non-profit child welfare system in Arizona have become relatively more efficient over time. The number of children in out-of-home care, and the number of children in high-risk very-low-income households, have improved markedly, while child welfare spending has grown more slowly than other benchmark areas.
- Historically, high profile cases of child welfare system failure have been correlated with increasing reports of suspected abuse or neglect, and often correlated with increasing out-of-home populations. Since 2010, the volume of reports received by DCS has risen 25% (despite generally improving measures of child welfare in Arizona over that period); **but CSI found preliminary substantiation rates have fallen to just 9%** (from more than 19%).<sup>2</sup> Experts say this implies that even with improved services, too many calls to the hotline do not have characteristics that merit substantiation of abuse or neglect. Ideally, state child protective services would be substantiating a higher percentage of families referred to them because the lower risk not likely to be substantiated families would be served by community-based services.
- In 2025, several high-profile cases of alleged failures in Arizona's child welfare system occurred; policy responses to these events, while necessary, should balance historical evidence, optimal evidence-based child welfare needs, and these findings. Indeed, based on data identified for this report (see Figure 26) deaths of children involved with Arizona's child welfare system remain a rare occurrence; these events – while tragic – are extremely infrequent.

<sup>2</sup> The substantiation rate may rise to a value above 3% in subsequent reporting periods when more information is gathered on children and families served. With that said, the downward trend in the substantiation rate is clear.



# FIXING AMERICAN CHILD WELFARE SYSTEMS IN THE 21ST CENTURY

According to a 2025 survey of state and local child welfare agencies across the country, the United States spends over \$34 billion annually on child welfare programs and related activities.<sup>15</sup> About half of all child-welfare-related spending is federally funded, and historically, most of that federal support was for the support and maintenance of state foster- and out-of-home-care systems. For example, over half of all federal support comes from the Title IV-E program – a grant created in 1980 specifically to support state foster care systems.<sup>16</sup> Excluding general welfare support (Medicaid and Temporary Assistance to Needy Families, or TANF, payments), the Title IV-E share of total federal support rises to three-quarters: **more than 75% of all federal support for state child welfare systems came from a grant program specifically intended to cover the costs of foster care.** By definition, foster care is temporary living arrangements typically not with relatives and including group facilities.<sup>17</sup> This meant states had powerful financial incentives to maximize their out-of-home populations, and little federal support for prevention, retention, and reunification.

As a result, between 1980 and 2000 the number of American children in out-of-home care increased 82%; at peak, over 550,000 children were in group- or other out-of-home-placements, or **approximately 1 in every 131 children in the country was living with someone other than their parents or a relative.**<sup>18</sup>

This occurred despite federal acknowledgment as early as 1980 that policymakers should strive to prevent removal and reunify separate families, where reasonable.<sup>19</sup>

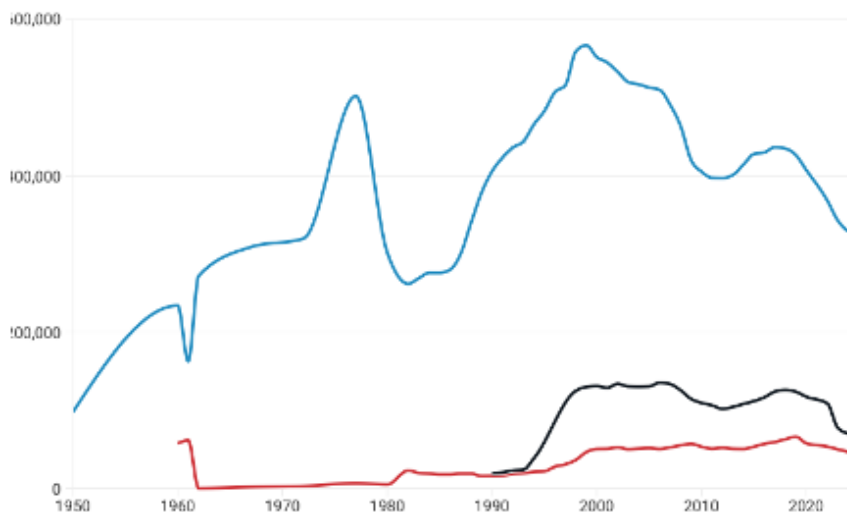
Research throughout this period reinforced the conclusion that children in out-of-home care typically remained in these conditions for longer periods of time; often re-entered care after placement; and had relatively poor long-term outcomes, especially compared to children placed or kept with their families.<sup>20 21 22</sup>

FIGURE 1.

## United States Foster Care System Long-Term Statistics

Following decades of structural growth in the population of children in out-of-home care, the foster care system has been in gradual decline since 2000.

■ Children In Foster Care ■ Adoptions From Foster Care ■ Children Awaiting Adoption



Source: Adoption and Foster Care Analysis and Reporting System, Johnston Archive



The comparative trends also highlighted the importance of general social and economic conditions on the overall incidence of child maltreatment – falling poverty rates (particularly child poverty rates) and declining teen and other high-risk pregnancy over the 1990's is correlated with reduced and lagged demand for foster placements in later years. In 1997, Congress enacted the Adoption and Safe Families Act – which reframed the focus away from “reunification at all costs” (which could lead to often lengthy and indefinite stays in “temporary” foster arrangements) towards permanency (acknowledging the importance of placing a child in a permanent family home).<sup>23</sup> The Act imposed the first strict federal timelines on foster care, and created state financial incentives for permanent adoption. In 2008, Congress added federal financial support for subsidized kinship placements and extended foster care (through age 21). By 2018, this two decades of research, policymaking, and financial reform culminated with the Family First Prevention Services Act, which for the first time allowed federal Title IV-E dollars to be used for prevention services (intended to stop removals before they became necessary) and expanded federal support for kinship programs.<sup>24</sup>

## Reform Comes to Arizona

Acknowledging a shifting national landscape and growing concerns over the management and efficiency of Arizona's legacy Child Protective Services division, Arizona's child welfare system underwent a major overhaul beginning in 2014. For decades prior, child protective services (CPS) had been a division of the Department of Economic Security (DES). Several high-profile child abuse deaths (e.g. the 2011 murder of 10-year-old Ame Deal) and mounting systemic failures brought intense scrutiny.<sup>25</sup> In late 2013, it was revealed that CPS had failed to investigate over 6,500 reports of child abuse or neglect, exposing a massive backlog.<sup>26</sup> In response, Governor Jan Brewer convened a Child Advocate Response Examination (CARE) Task Force, which found CPS lacked standards and experienced staff, and recommended creating a new, independent agency.<sup>27</sup> In May 2014, during a special legislative session, lawmakers abolished CPS and established the Department of Child Safety (DCS) as a standalone, cabinet-level agency reporting directly to the Governor. The 2014 enabling law effectuating this change was drafted following discovery of the 6,500-case backlog, and Governor Brewer urged making child safety a top priority with greater transparency and accountability. The new DCS was given additional funding and staff, a Governor-appointed Director (replacing the prior CPS board structure), and a community advisory committee to increase oversight.<sup>28</sup> Early reforms focused on clearing the case backlog, improving the hotline and case management system, and retraining staff.<sup>29</sup> National child-welfare experts cautioned at the time that true success would depend on deep cultural changes and committed leadership, not just the over 200 pages of new statutes.<sup>30</sup>

Following the establishment of the new cabinet level agency, in 2015 a federal class-action lawsuit was filed alleging Arizona's foster care system was “dangerous [and] severely deficient.”<sup>31</sup> By 2019, the governor at the time referred to DCS as “one of the most broken agencies in the country.”<sup>32</sup>

Throughout these years, DCS's structure has remained a standalone agency dedicated to child safety, but oversight mechanisms evolved. In 2017, lawmakers created a Joint Legislative Oversight Committee on DCS to monitor the department's policies and effectiveness. Originally set to sunset in 2025, the Oversight Committee's work has been extended to at least 2028 with the extension of DCS itself through 2028. A DCS Ombudsman within the Governor's office and a legislatively mandated Community Advisory Committee also provide channels for accountability and community input.

In 2025, several high-profile deaths involving children either in or known to Arizona's child welfare system occurred – including the death of Rebekah Baptiste prior to her removal from family, the loss of Zariah Dodd and Emily Pike from their group settings leading to their deaths, and a lawsuit against the Department over the prior death of 11-year-old Chaska Davis. These events culminated in ABC15's multi-part news special, "DCS: State of Failure" – which was published beginning in September 2025.<sup>33</sup>

The following sections provide detailed information about state and federal reforms enacted over the last 20 years that have been related to child welfare; alternatively, report findings begin on page 9.

## Major Legislative and Policy Developments

Policymakers and administrators have enacted many reforms between 2010 and 2025 to strengthen child safety and improve state child welfare operations. Key state and federal policy changes include:

**2004 – Pew Commission on Children in Foster Care:** Formal recommendations to reform the way the federal government financially supports state child welfare systems, specifically intended to encourage prevention, reunification, and permanent kinship placements – instead of long-term foster and congregate care.

**2008 – Federal Fostering Connections to Success and Increasing Adoptions Act of 2008:** The Act aimed to improve the foster care system by encouraging permanent family placements, supporting kinship care, and extending foster care services to youth up to age 21. It allows states to provide financial assistance to relatives caring for children and encourages educational stability for youth in foster care.

**2014 – Establishment of DCS:** Authorized by Senate Bill 1001 in a 2014 special session, this law removed CPS from Department of Economic Security and created DCS with independent authority and funding. The bill mandated new reporting, oversight (including an advisory committee), and transparency measures to address the failings of the old system.

**2017–2018 – Child Placement Reforms:** In the wake of critiques about placement decisions, the legislature encouraged DCS to prioritize child wellbeing in foster placements. Background checks became required before DCS can place a child with any relative or family friend (including checks of all adult household members). In 2018, lawmakers directed DCS to consider the "best interest of the child" with specific criteria when choosing placements and to notify relatives promptly when a child is taken into custody. These changes reinforced the push for safe kinship placements and better-informed decisions.

**2017 – Oversight Committee:** Lawmakers established a six-member Joint Legislative Oversight Committee on DCS to review the department's policies and effectiveness, increasing legislative scrutiny of DCS's progress.

**2018 – Caseload Reporting:** The 2018 legislature required the Auditor General to compare caseworker caseloads across DCS field offices and report disparities by the end of 2020. DCS was also directed to jointly report with the Early Childhood Development Board on collaborative child welfare efforts. These measures aimed to identify resource gaps and improve inter-agency coordination.

**2018 – Family First Prevention Services Act:** Federal child welfare-related funding reforms that prioritized preventive services (including mental and behavioral health treatment), permanent placements, and family reunification. Previously, federal funding largely focused on funding foster and congregate care systems and maintaining placements; states had little fiscal incentive to curtail these arrangements. Under FFPSA, federal foster funds cannot be used for congregate care placements longer than two weeks, subject to some exceptions.

**2019 – Extended Foster Care and Services:** Arizona expanded support for older foster youth by authorizing an extended foster care program up to age 21, in line with a national shift to assist youth transitioning to adulthood. Eligibility criteria were set and DCS was required to provide case management and services for 18 to 20-year-olds who opt in. Additionally, fingerprint clearance requirements were broadened for anyone working with children or vulnerable adults (to enhance safety in placements).

**2020 – Missing Children Audit:** Amid concerns about foster children going missing from care, the Legislature directed the Auditor General to examine DCS practices for classifying and locating missing or runaway children, comparing them to best practices. A report with recommended improvements was due by Sept. 30, 2021, aiming to bolster efforts to keep track of children in state care.

**2015-2021 – Class-Action Lawsuit on Foster Care:** In 2015, ten foster children sued the state in federal court, alleging systemic failures in the quality of care under the states foster and child welfare systems. The litigation noted that Arizona’s foster care population had doubled over the prior decade, despite an ongoing recognition that permanent and family placements should be prioritized. In October 2020, a settlement agreement was preliminarily approved. Under the settlement, Arizona agreed to increase access to behavioral health and therapeutic services for foster children, better track and meet children’s medical and dental needs, train caseworkers to recognize special needs and trauma, ensure caseloads are manageable so workers can do thorough investigations, and expand efforts to place children in family-like settings rather than group homes. The state agreed to prioritize keeping siblings together and placing children with relatives when possible.

**2021 – Reporting Requirements:** Following up on the audit mandate, the legislature required DCS to begin regular semiannual reports on runaway or abducted children in its custody (with this reporting requirement set to repeal in 2026). Lawmakers also created a dedicated Comprehensive Health Plan Fund within DCS to clearly track spending on medical, dental, and behavioral care for children in custody, ensuring emergency health needs are met with proper funding oversight.

**2023 – Transparency and Child Safety Measures:** In response to ongoing issues, several DCS reform bills passed in 2023 requiring data sharing with the courts and external oversight partners, prompt notification of law enforcement when children go missing, and various measures requiring DCS to prioritize relatives and the child for placements and funding.

**2024 – Further Reforms:** The 2024 legislative session saw additional child safety initiatives:

- Established a Child Safety Fatality and Near Fatality Review Team within DCS to systematically review critical incidents and recommend preventative measures (building on existing fatality review processes).

- The Joint Legislative Oversight Committee's purview was also expanded to include reviewing these fatalities.
- In response to problems in some group homes, DCS must implement random quarterly drug testing of group home employees who care for foster children, and test any such employee after an incident where a child is injured.
- Lawmakers required DCS to create a tiered registry for child abuse/neglect by 2025, overhauling the central registry to differentiate substantiated findings by severity
- Procedures were refined for recovering missing children: the Legislature required improved notification, search timelines, and reporting protocols whenever a child in DCS custody is missing, and it allowed the Legislature to order an independent audit of DCS's adherence to these procedures
- The legislature enacted a process to restore parental rights in certain cases (with court approval) if a parent has remedied the issues that led to termination and it's in the child's best interest.
- Recognizing the difficulties faced by youth aging out of foster care, a new law mandated DCS ensure young adults (18–21) leaving care have access to safe housing. DCS must report by end of 2025 on policies to prevent homelessness among alumni of foster care. In addition, a Foster Youth Permanency Pilot Project was created to find permanent family connections for older youth; its outcomes will be reported in 2026 to guide future improvements.

## Audits, Oversight, and Performance Reviews

Apart from the lawsuit, Arizona's Auditor General and legislature have considered DCS operations frequently.

- In 2018 and 2021, the Auditor General was tasked with reporting on DCS operations (caseloads and missing-child protocols).
- Most recently, in 2024–25, the legislature's Joint Legislative Audit Committee ordered a special performance audit of DCS's handling of abuse/neglect investigations.
- A September 2025 Auditor General's report identified numerous deficiencies: in a sample of cases, DCS failed to properly inform some parents of the allegations against them, failed to fully document investigations, and exceeded the 45-day deadline for completing investigations in over half of cases reviewed. The findings suggested that many investigations dragged on without timely resolution, potentially leaving children at risk or families in limbo. The audit made 15 recommendations, including enforcing the 45-day closure rule and improving supervisory reviews to ensure all safety assessments and plans are completed.
- Ombudsman and Court Oversight: In addition to formal audits, Arizona's Ombudsman-Citizen's Aide (a legislative office) plays a role in reviewing DCS cases and handling public complaints. A 2023 law gave the Ombudsman and state auditors direct read-only access to DCS's case management database for real-time oversight.

# IMPROVING SOCIOECONOMIC CONDITIONS FOR ARIZONA CHILDREN

Substantial research establishes a strong link between household socioeconomic conditions and the probability of need for state child welfare interventions. A meta-analysis of 26 studies found that children in lower income households were between three and nine times more likely to experience maltreatment than children from economically secure families.<sup>34</sup> Research has consistently – over decades, numerous studies, and even across various countries – demonstrated that: (a) children do best in their family homes, and should be kept there where possible and reasonable; and (b) that the best way to keep them there is to reduce the risk that child welfare intervention will be needed by improving household socioeconomic advantage.

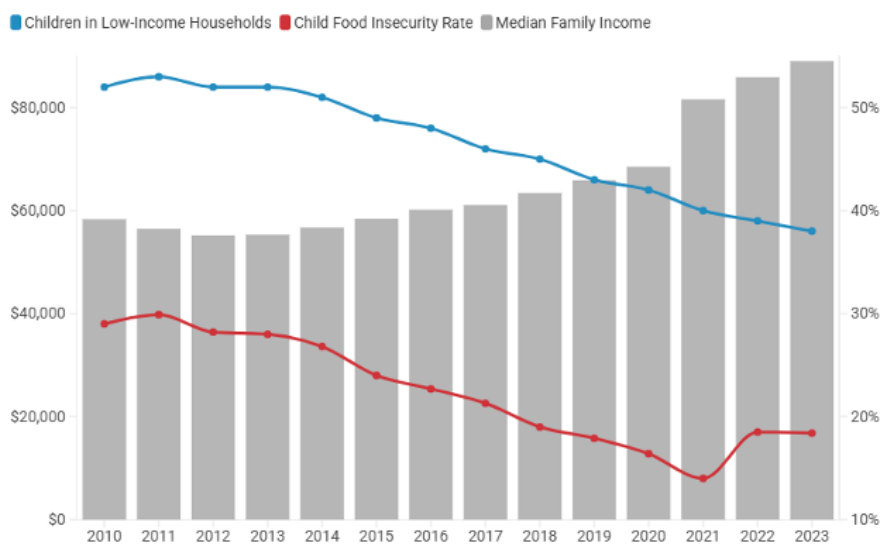
Over the five-year period just prior to the creation of DCS as a separate agency, and the beginning of Arizona's ongoing reform to its child welfare system, the number of children in out-of-home care grew 75% (to 18,100 children). The number of suspect child maltreatment reports to the state grew 50%, and substantiated reports more than doubled.

In response to growing caseloads and insufficient investigatory resources, in 2013 the Department of Economic Security deliberately closed more than 6,500 reports of suspected maltreatment without investigation. The subsequent scandal led to the creation of the DCS. The new agency was given a mandate to resolve the investigatory backlog, improve child outcomes, and prioritize permanent placements (with kin wherever feasible). The state embarked on various legal and policy changes for its child welfare regime to effectuate this objective.

**FIGURE 2.**

## Improving Socioeconomic Conditions for Families Since 2010

As a result of rapid growth, today Arizona's typical family is much better off - and there are far fewer families struggling with food- and income-insecurity - than after the Great Recession.



Source: American Community Survey, U.S. Department of Agriculture • "Low-income" here is defined to be households below 200% of the Federal Poverty Level for Arizona.

But parallel to those events, the state suffered through the Great Recession. Arizona lost 12% of its jobs over the three-year period between 2007 and 2010,<sup>35</sup> and per-capita incomes fell nearly 9% after accounting for inflation.<sup>36</sup>

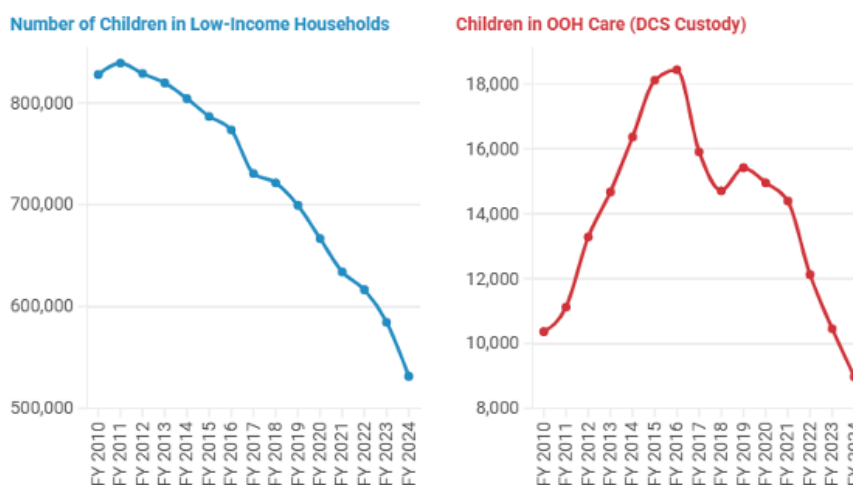
In response to this dismal performance (among the worst in the nation among U.S. states at the time, and the Arizona's largest recession in contemporary state history), then-Gov. Jan Brewer announced the "Arizona Jobs Agenda" in 2011.<sup>37</sup> This platform helped initiate ten years of aggressive state investment in growth and economic development, during which the state would go from relatively poor (41st in the nation for personal income coming out of the Great Recession) to relatively high-income (33rd for per-capita income). Today, for the first-time the state reports an average annual *family* income over \$100,000<sup>38</sup>, and incomes in the state have been growing about 20% faster than the U.S. average. **Indeed, in terms of family and household income, the state now reports an above-average income; CSI estimates Arizona families earned more in 2024 than those in about 29 other U.S. states.**

As noted above, research shows children fare better when the economy is expanding. Specifically,

FIGURE 3.

### Number of Children in Low-Income Households and Children in DCS Out-of-Home (OOH) Care

Generally, there is a connection between the socioeconomic status of households and need for state child welfare interventions.

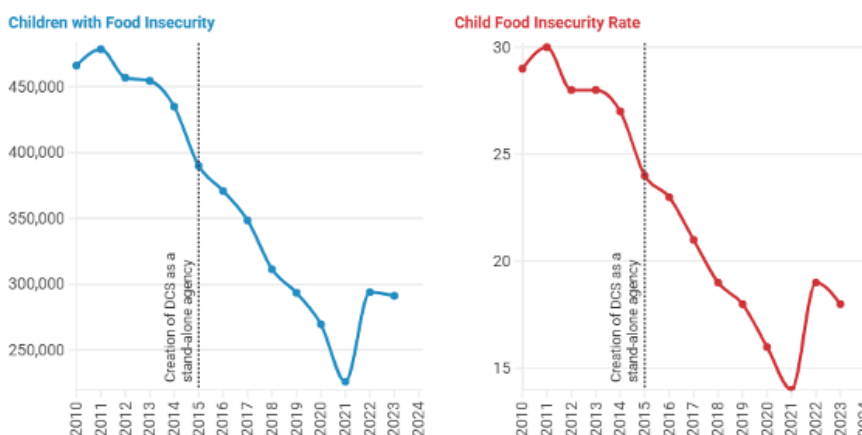


Source: American Community Survey, Department of Child Safety • Low-Income Household is defined here as a household earning less than 200% of the federal poverty level.

FIGURE 4.

### Children with Food Insecurity and Its Rate

Child food insecurity has consistently dropped at the same time that the number of children in DCS custody also declined.



Source: Feeding America, CSI Analysis of U.S. Census Bureau demographic data



there is less demand for state intervention, and foster placements decline. **Between 2010 and today, the number of Arizona children living in poverty (200% or less of the Federal Poverty Level) has fallen by a third – from 827,600 in 2010, to just 530,200 in 2024, according to the U.S. Census Bureau.**<sup>39</sup>

At its post-Great Recession peak (2010), more than half (52%) of all children were living in “low-income” households; according to the most recent data (2024) the equivalent figure is just 34%. And while the number of reported cases of possible abuse to DCS has risen 25% over this period, the number of substantiated reports has been falling. In 2014, at the peak of the crisis that led to the creation of an independent child welfare agency in Arizona, there were 7,371 investigated and substantiated child welfare reports to the state; in 2023 there were just 5,861 (a 20% peak-to-trough decline).

Childhood food insecurity, malnutrition, and hunger rates have shown similar improvement. As a note, food insecurity refers to children living in households where access to adequate food is uncertain due to financial constraints; it does not necessarily mean that measured children are going hungry or missing meals. In 2010, 15% of Arizona households were food-insecure, according to the U.S. Department of Agriculture.<sup>40</sup> As of 2024, the figure was just 11.8%. Improvements among the states’ children have been even more dramatic; the number of children with food insecurity has fallen from 466,010 to 291,290 over the same period (a 37% improvement). The child food insecurity rate has fallen from 29% to 18%, according to data from Feeding America.

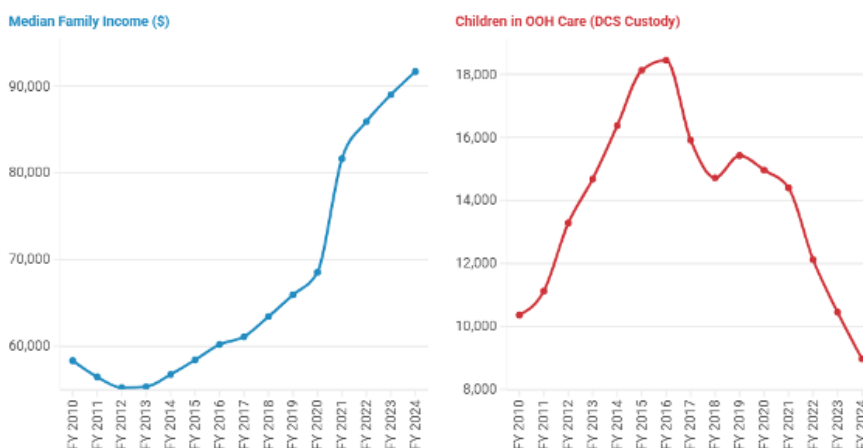
Considering Arizona’s performance during and immediately following the Great Recession, these changes are remarkable. In a national context, they are even more so: while childhood food insecurity has fallen in the United States over the last fifteen years, it has fallen much more quickly in Arizona. The state has gone from 49th to effectively about average. According to Arizona’s DHS<sup>41</sup>, SIDS rates (a syndrome of sudden infant death, typically while sleeping) have fallen 62% since 2010, and reported pediatric trauma incidents have fallen 14% from their 2014 reported peak.<sup>42</sup>

Overall, since peaking in 2015 and according to data reported by DCS, the number of Arizona children in out-of-home care has fallen in half (-51%), and the share of children removed from their permanent homes but placed with kin has risen from 40% in 2018 (the contemporary low) to nearly 48% today according to DCS-reported data.

**FIGURE 5.**

### Median Family Income and Children in DCS Out-of-Home (OOH) Care

Generally, as households become wealthier, the need for state child welfare interventions declines.



Source: American Community Survey, Department of Child Safety



## Pediatric Trauma Incidents

While there have clearly been improvements in Arizona since 2010 in terms of children's economic well-being and the fact that CPS now operates with a clear mandate and strong administrative and statutory direction, given the more recent incidents also mentioned in this report, observers may still wonder if CPS is missing or ignoring cases in order to prevent another backlog.

To that point, CSI identified reported pediatric trauma incidents over time at the Department of Health Services (DHS). This is an entirely independent metric of reports generated by Arizona's healthcare providers of pediatric trauma, that are aggregated and reported by DHS in a consistent format. Though an imperfect proxy, pediatric trauma (children 17 and under presenting with serious injury related to falls, crashes, or other traumatic conditions) presents a reasonable risk correlate for children in need of child welfare services. For example, while not all pediatric trauma stems from abuse – and not all abuse or maltreatment presents as trauma – there is likely to be at least some overlap and correlation. And, more recently, DHS has tracked and separately reported specific trauma caused by adult abuse incidents and pediatric "striking" incidents. DHS gathers these numbers independently of DCS and using consistent reporting standards.

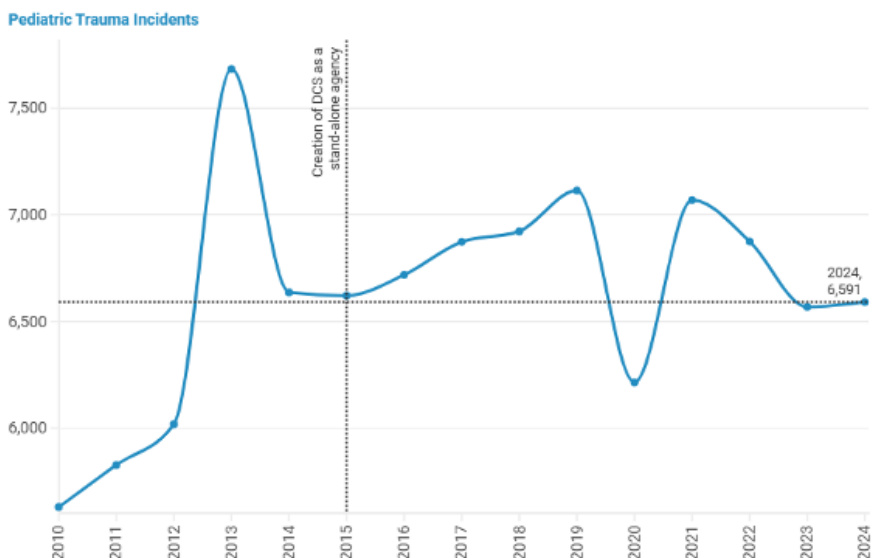
We found that these data did not reveal a rising childhood risk environment in recent years, and in fact these data suggest a generally improving risk environment since the peak of a decade-long trend of rising reported traumas.

**Pediatric traumas in Arizona have fallen 7% from their 2019 peak (excluding the 2013 data outlier).**

**FIGURE 6.**

### Pediatric Trauma Incidents

With the exception of the 2020 COVID-19 pandemic, pediatric trauma incidents, at 6,591, are close to their lowest levels since 2013.



Source: Arizona Department of Health Services

# OUTCOMES FOR CHILDREN IN THE CHILD WELFARE SYSTEM & PERMANENT PLACEMENTS

This section presents results regarding the responsiveness and effectiveness of DCS' operations, in terms of moving children in a temporary custodial environment into permanency. As noted, with a few exceptions, research indicates that lengthy out-of-home stays are correlated with negative long-term outcomes for children.<sup>43</sup>

## Entries-to-Exit Rate

From FY 2010 through FY 2015, child entrants into out-of-home care consistently exceeded exits. The two flipped from FY 2016 through FY 2018 and then flipped again from FY 2019 to FY 2021. Since then, exits have consistently exceeded entrants. DCS is now persistently reducing the population in out-of-home (OOH) care.

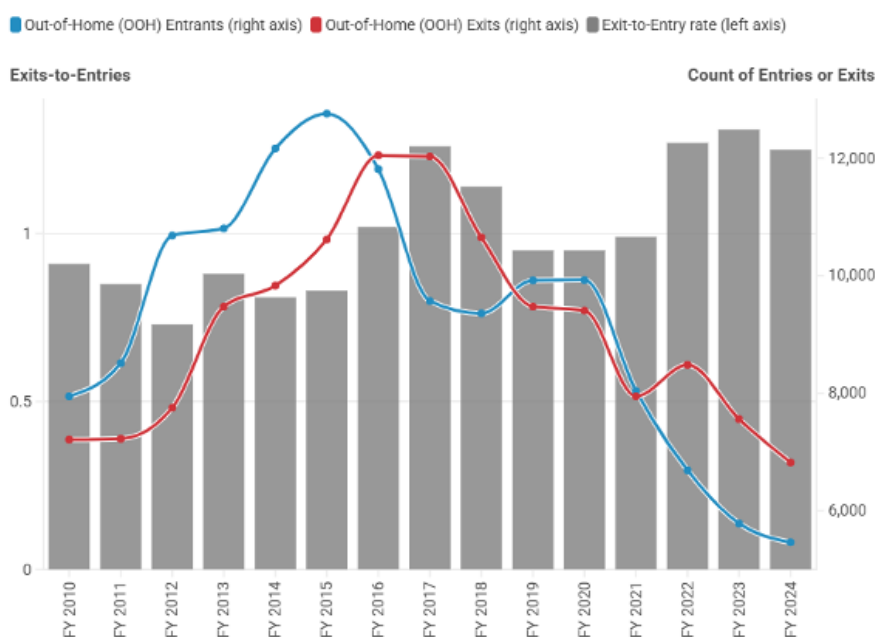
DCS also reports that only a relatively small number of children are in congregate settings. As of fiscal year 2024 reporting, there were about 1,310 Arizona children in congregate OOH environments – a decline of more than 1,000 children from the 2015 level of approximately 2,370 children. Of total children in OOH care, many (47% - a plurality of all caseloads) are in kinship care – temporary placements with a relative – followed by another approximately 2,680 children in individual (family foster) settings. The Arizona rate of kinship care (47%) exceeds the national average of 34% (according to federal fiscal 2024 data).

As documented in a review of DCS' placement performance by the federal governments most recent Child and Family Services Review, Arizona utilizes kinship care at a much

**FIGURE 7.**

### Out of Home Entrants and Exits

Exits have exceeded entrants for three straight years, with the exit to entry rate at 1.25.



Source: Arizona Department of Child Safety

higher rate than the national average, and the report acknowledges ongoing efforts to DCS to further improve this placement rate despite the relative outperformance.<sup>43</sup> Given that children in kinship care perform much better than children in OOH care generally, this speaks to ongoing efforts by the state to not only reduce its out-of-home caseload population, but also ensure optimal outcomes for those in these arrangements and needing this intervention.

DCS additionally reports that approximately a third (31.4%) of children in OOH care achieve permanent placements within 12 months – below the national performance standard of 35.2%. While the *number* of children being placed in permanent homes after 1-2 and 2+ years in state custody has been falling, this is occurring alongside a general decline in the OOH population. The modest rate of achieving permanency within 12 months may be due, in part, to more challenging child and/or family situations because fewer children are being placed in OOH care.

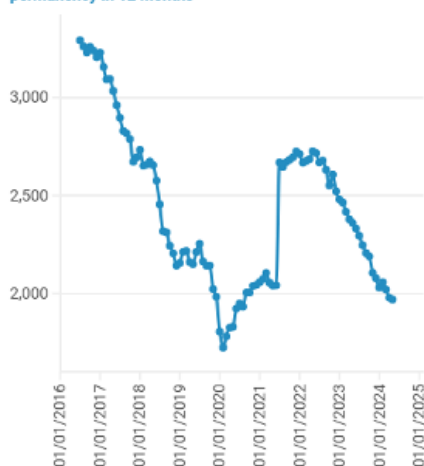
Additionally, CSI notes that reunification remains the dominant (48%) outcome for children exiting OOH care.

FIGURE 8.

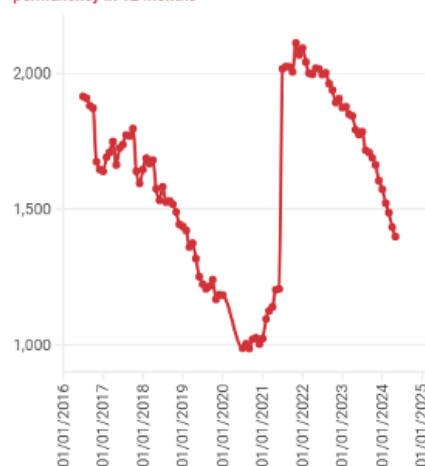
### Placements

Placement of children in care 12-23 months and over 24 months.

Of children in care 12 – 23 months, total exits to permanency in 12 months



Of children in care 24 months or more, total exits to permanency in 12 months



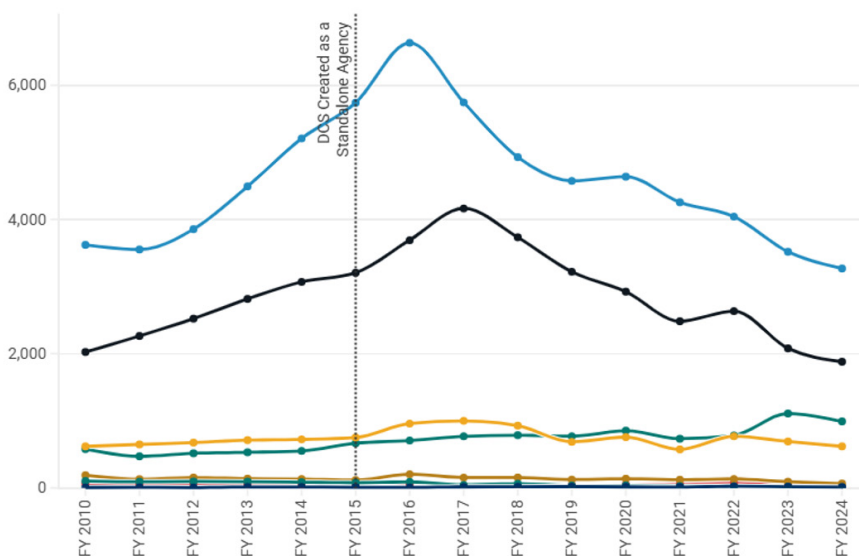
Source: Department of Child Safety

FIGURE 9.

### Exits from DCS by Type of Exit

Generally, the number of exits has been trending down across the two largest types of exits - reunification and adoption.

Exits-Reunification Exits-Living with Other Exits-Adoption Exits-Guardianship Exits-Age of Majority  
Exits-Transfer to Other Agency Exits-Runaway Exits-Death of a Child



Source: Arizona Department of Child Safety

## Number of open investigations & backlog of investigations

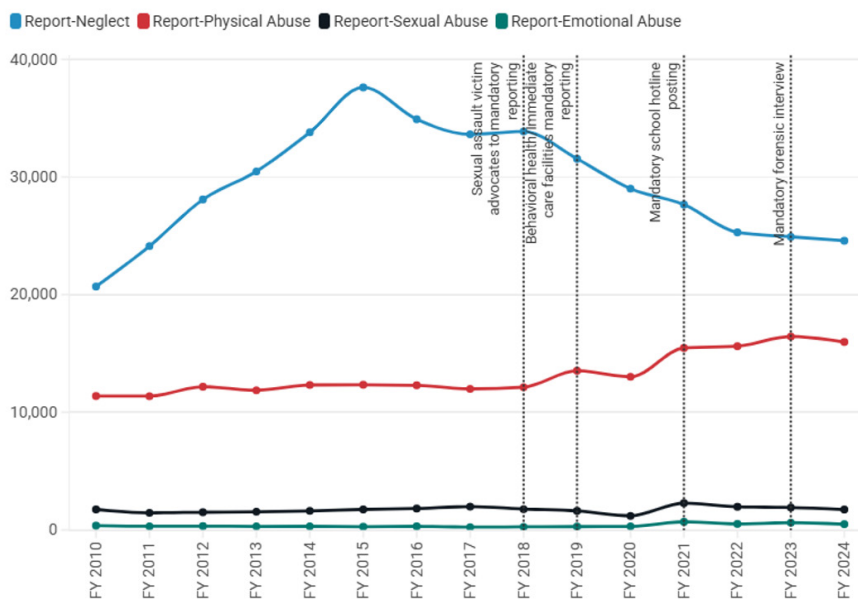
Before reports are investigated, they must be reported. The following figure looks at reports for neglect, physical abuse, sexual abuse, and emotional abuse from FY 2010 through FY 2024.

Overall, reports of neglect (blue line) peaked in FY 2015 and have been trending downward ever since. Reports of physical abuse saw a jump from FY 2020 to FY 2021 and have continued to stay higher than the period prior to the pandemic. **Why physical abuse reports continue to be higher after the pandemic is an open question, not resolved by either the removals or the risk covariates data CSI reviewed.** The two smallest portions of reports are for sexual abuse and emotional abuse (see Figure 10).

**FIGURE 10.**

### Child Welfare Reports

Reports have generally been trending down. The jump in reports of physical and sexual abuse occurred in FY 2021 with mandatory school hotline posting.



Source: Arizona Department of Child Safety • These are counts of reports. Substantiated reports are always lower than initial reports.

However, one connection this report explores is between the steady expansion in reporting requirements (who is required to make mandatory reports of suspected abuse to DCS, and when), and the rise in allegations of physical abuse over time. While not conclusive, this correlation should inform policymaking: though well-intentioned and often needed, mandatory reporting requirements do appear to increase the volume of reports coming in. This increase may not necessarily be correlated with increasing underlying rates of abuse and neglect.

## Hotline Calls vs. Investigations

Despite overall declines in children in OOH care, DCS has continued to report that hotline calls and reports of suspected physical abuse are rising since 2010. In 2010, there were 34,000 reports received by the state of alleged abuse and mistreatment; approximately 3,600 were substantiated. In 2023, DCS received over 43,000 reports, and substantiated 5,861 of them (as of the date of this paper).

Hotline calls are typically the first line of contact – or indication – of a potential issue. Hotline calls are seasonal – they pick up at the start of the school year and then again towards the end of the school year, then drop during the summer months when school is out-of-session. This is consistent with mandatory reporting requirements driving hotline calls – especially mandatory reporting for teachers, school administrators, and school staff.

Hotline calls relative to the number of children in the state continues to rise as calls continue to be relatively stable while the number of children in the state continues to drop. The following is an annual view of hotline calls per 1,000 children. This leads to the question: Why are calls per children going up, especially when the number of children living under 200% of the federal poverty level is down from 50% to 34%?

Again, while not conclusive, we point out the confounding factor of changing standards governing what is reportable to DCS, and in turn what constitutes actionable conduct on the part of the state. These ongoing policy changes alongside generally improving socioeconomic conditions for Arizona children make more difficult the process of drawing substantive conclusion given the data. Of relevant note, the hotline “screen-in” rate<sup>3</sup> has generally trended lower, down from 71% in July 2016 to 48% in May 2025.

FIGURE 11.

### Hotline Screen-in Rate

The hotline screen-in rate has generally trended down, from 71% in July 2016 to 48% in May 2025.

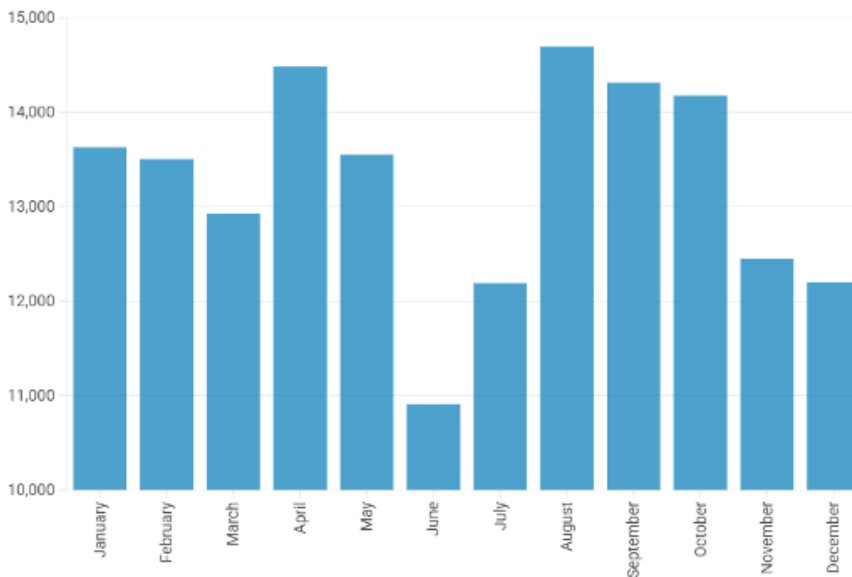


Source: Arizona Department of Child Safety

FIGURE 12.

### Hotline Calls per Month in 2024

Hotline calls are seasonal. They generally drop off in the summer months when students are not in school and pick up in August/September and January/February when students start school or come back from Christmas break.



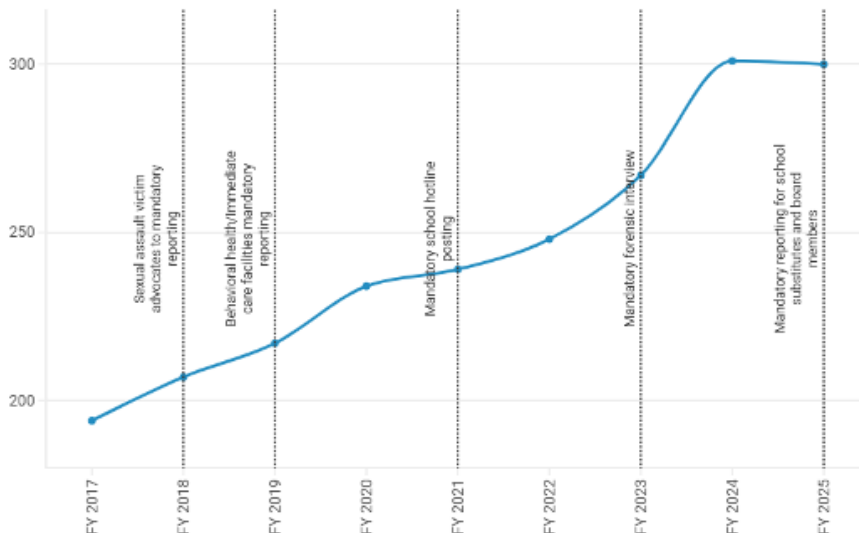
Source: Arizona Department of Child Safety

<sup>3</sup> The hotline screen-in rate is the number of reports taken divided by the total number of referrals.

Another relevant consequence of these divergent trends: the responsiveness of DCS to incoming reports risks growing less manageable, given flows and the growing disconnect between hotline calls and credible allegations. For example, according to DCS reporting, the speed with which hotline calls are answered has dramatically increased over time: in 2016, DCS answered within about 18 seconds of the call coming in; but more recently the figure has been over 150 seconds. As further evidence of this statement, CSI's calculated substantiation rate (substantiated reports divided by all reports received) peaked in 2021 at 19%. Since then, the substantiation rate has been in a downward trend, with the rate dropping to 18% (2022), 15% (2023), and 9% (2024) (see figure 14). Although the substantiation rate is likely to come up when more information about substantiated cases is released, it's unlikely that the final 2024 rate will break the downward trend observed over the past five years.

**FIGURE 13.****Hotline Calls per 1,000 Children**

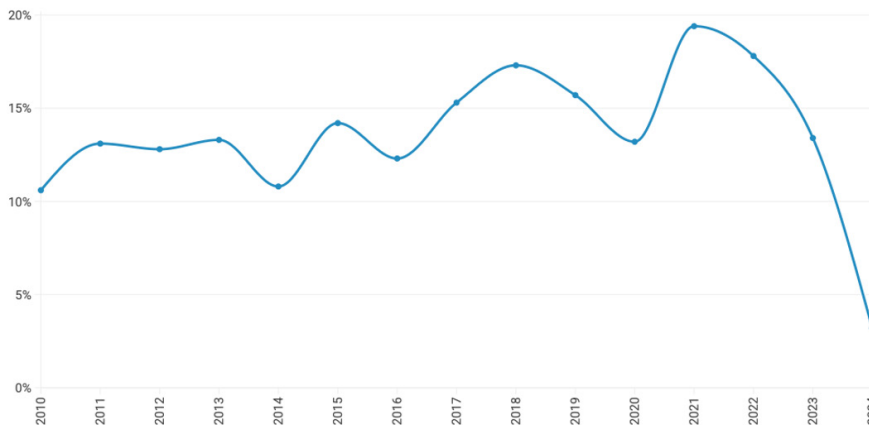
Hotline calls per the number of children continue to rise, up from 194 to 300 in FY 2025.



Source: Arizona Department of Child Safety

**FIGURE 14.****Substantiation Rate**

Although the substantiation rate will likely rise when more information is reported on substantiation cases for 2024, it is unlikely to rise back to the 2021 peak of 19%.



Source: Arizona Department of Child Safety • CSI imputes an annual implied substantiation rate by dividing reports to DCS by "substantiated reports" as reported by the agency in that period. According to DCS, because of lags between incoming and substantiated reports, this value can rise over time due to revisions.



## The Relationship Between Reporting Volumes & Policies, and Open Caseloads

A decade ago, a crisis of uninvestigated reports, open but unresolved investigations, and most glaringly investigations closed due to a lack of resources rather than case resolution led to the creation of an independent Department of Child Safety and successive reforms to Arizona's child welfare system. The result has been steady improvement over time in various performance metrics, and in particular "open reports", "backlogs", and OOH caseloads. For context, according to a story in the Arizona Republic, there was a "backlog" of more than 14,000 reports of child abuse or neglect in late 2013.<sup>44</sup> Today (May 2025), DCS self-reports just 8,258 open and unresolved reports.

Still, there are warning signs, especially given the historical centrality of open reports and the investigatory backlog in the administrative decisions that led, ultimately, to 6,000+ cases being summarily closed without investigation. After years of steady declines (to less than 5,000 in late 2021), open reports spiked in 2022 and have remained elevated since. We note here that DCS continues to report raw case and call volumes regularly and regardless of substantiation, reasonableness of the claims, etc. Given other indicators and data in this report, it is reasonable to assume that many of these cases may not represent a reasonable risk of immediate harm to a child requiring immediate State intervention.

**FIGURE 15.**

### Open Reports

The number of open reports jumped just after the mandatory school hotline posting requirement. Since peaking in September 2021 at 12,951, it is down to 8,258 in May 2025. This above 8,000 level is still higher than most of the experience prior to 2021.



Source: Arizona Department of Child Safety



# THE CENTRALITY OF KINSHIP CARE TO ARIZONA'S MODERN CHILD WELFARE SYSTEM

Arizona's shift toward *kinship-first* care followed an earlier but similar national trend towards family-first culture and practice for state child welfare authorities in the mid-to-late 2010's, largely been driven by the acknowledgment of a growing body of research indicating placing children with relatives (and other "significant relationship" caregivers) was the least disruptive, most family-like option when children can't safely remain with their parents.<sup>45</sup> Arizona's child welfare policy framework emphasizes quickly identifying and assessing relatives and other close connections, with specific expectations for timely family-finding and placement decision-making, and it frames kinship placements as serving children's developmental, cultural, and permanency needs while preserving families. Federal auditors have consistently called out this focus and structural framework in their reviews.<sup>46</sup>

Over time, that orientation has translated into both a measurable increase in the share of children in out-of-home care placed with kin, alongside expanded efforts to better support kin caregivers (including navigation/support services and pathways to licensure where appropriate), and placements from OOH care with kin or the custodial parents. Overall, since 2010, the share of OOH care with kinship has grown from 35% in 2010 to 43% in 2024. This occurred despite a drop in the *number* of children in Kinship care. Arizona today keeps more of its at-risk children with kin than historically.

CSI additionally identified various kinship-focused policy reforms adopted by DCS since 2010, including education and awareness campaigns and direct subsidies for related caregivers. As a share of total kinship care, unlicensed caregivers have ranged from

**FIGURE 16.**

## Open Reports

The number of open reports jumped just after the mandatory school hotline posting requirement. Since peaking in September 2021 at 12,951, it is down to 8,258 in May 2025. This above 8,000 level is still higher than most of the experience prior to 2021.



Source: Arizona Department of Child Safety

a high of 91% of kinship caregivers (FY 2010) to a low of 70% in 2018. Because of increased access to financial and other support, experts generally recommend that most kinship care families be licensed; this remains a reform/improvement opportunity at DCS.

In recent years, the value of caregiver stipends has increased. In FY 2008, what is commonly known as the “Grandparent Stipend” was \$75 per month. The Legislature expanded the eligibility for stipends to all fictive caregivers in FY 2020 and increased the stipend amount for all kinship caregivers to \$300 per month in 2022 (Figure 17).

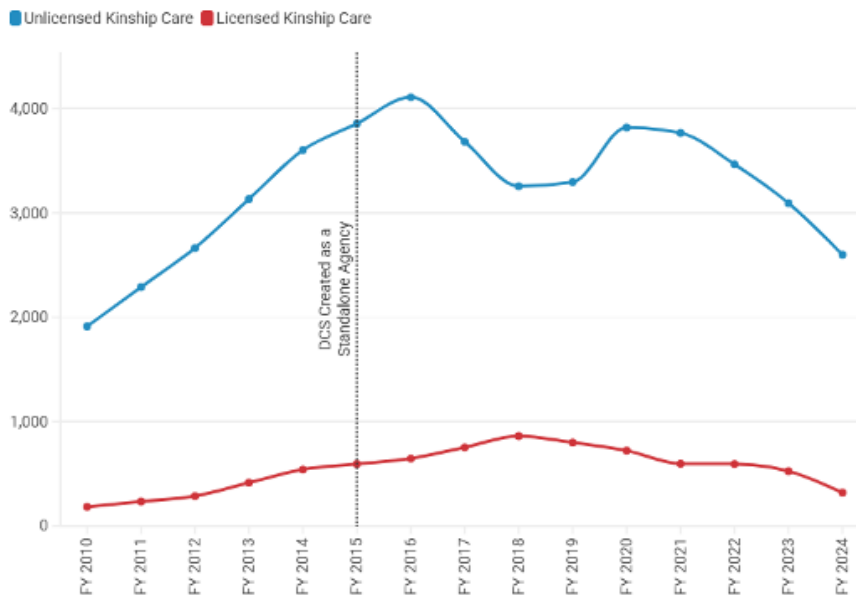
## The Decline of Foster Care in Arizona

The prevalence of foster care generally grew from 2010 through 2017, growing from 7,679 to a high of 9,881 in 2017. The demand for foster homes has been declining since policymakers opted to re-focus efforts towards kinship care, reunification, retention, and permanent placement. Over the period from 2010 through 2024, the total number of foster homes has dropped 48% and the

FIGURE 17.

### Licensed and Unlicensed Kinship Care

Licensed kinship care continues to represent a small share of kinship care. In FY 2024, licensed was 320 compared to 2,600 unlicensed.

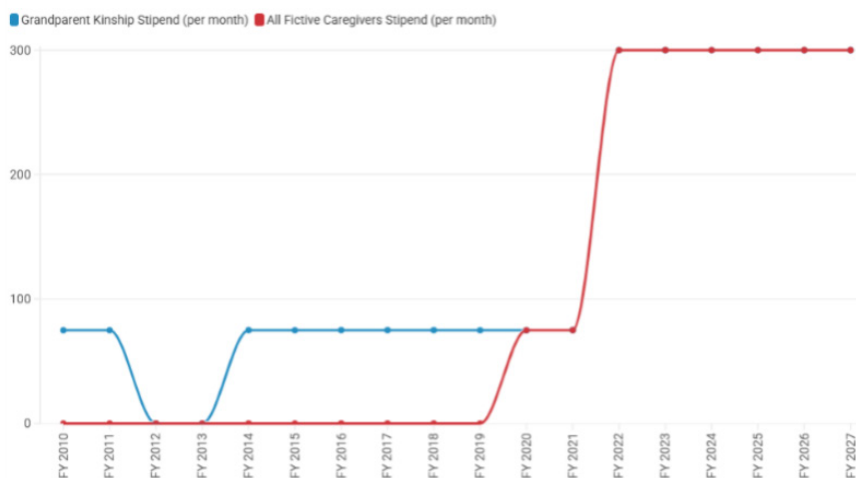


Source: Arizona Department of Child Safety

FIGURE 18.

### Grandparent Kinship Stipend and All Fictive Caregivers Stipend (per month)

Commonly known as the Grandparent Stipend, it was \$75 per month since FY 2008 and increased to \$300 per month in FY 2022 (it briefly went to \$0 in fiscal years 2012 and 2013). The Legislature expanded stipend eligibility to all fictive caregivers in FY 2020 and increased the monthly amount to \$300 in FY 2022.



Source: Arizona Department of Child Safety

total number of foster spaces has declined by 52%. Consistent with the broader trend, new foster homes dropped below 1,000 in FY 2021 and have been lower than 1,000 since. The number of foster homes closed recently dropped below 1,000 in 2024, as demand for traditional congregate and to a lesser extent private foster care has abated in favor of avoiding initial separation, kinship placements, and reunification.

After peaking in FY 2016 and FY 2017 after the creation of a standalone DCS, not only has the number of foster homes consistently declined, but the environment has shifted towards smaller placement environments. The average number of children per foster home is down from 2.3 in FY 2010 to 2.1 in FY 2024.

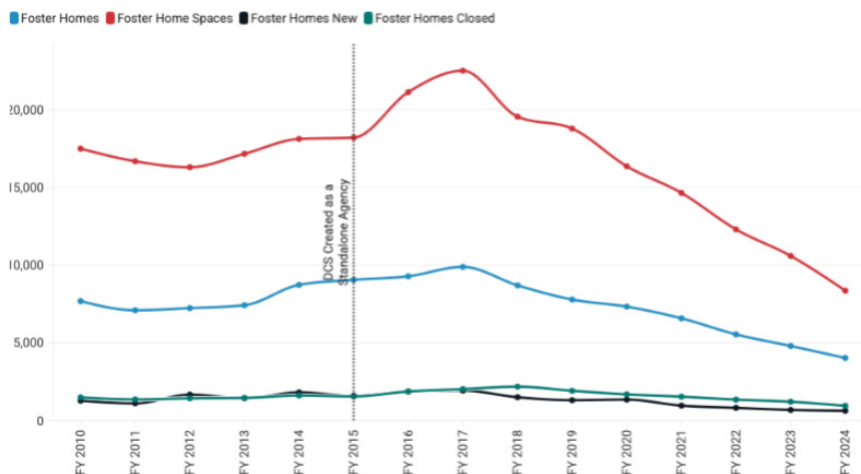
## Demographic Makeup of Children in Out of Home Care

Two pictures of the age group makeup of children in OOH care are shown to the right. The first (Figure 19) shows that two age groups account for over half (55%) of children removed from their homes – children aged 1 year to 5 years and children aged 13 to 17 years. In 2024, the smallest age group were children aged 0 to 12 months at just 8% of all children in DCS custody. Interestingly, 2024 was the first year where the 0 to 12 months age group was the smallest age group. Prior to 2024, the smallest age group had been individuals aged 18-21, but with policy changes encouraging certain individuals to stay connected with the system, individuals 18 and over have continued to grow as a share of the overall population (see Figure 20).

**FIGURE 19.**

### Foster Homes, Foster Spaces, and New/Closed Foster Homes

After jumping up in FY 2016 and FY 2017 after the creation of DCS, the number of foster homes and foster home spaces has consistently declined.

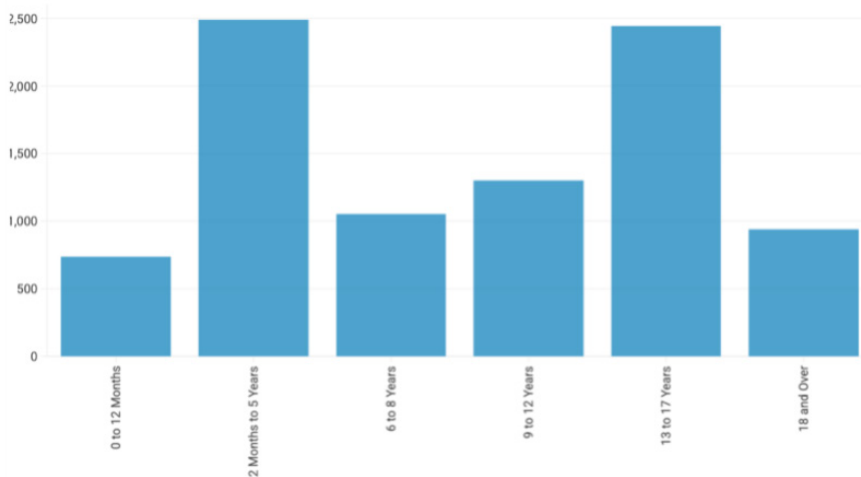


Source: Arizona Department of Child Safety

**FIGURE 20.**

### Age Group Breakdown of Children in OOH Care in 2024

Two age groups account for the largest share of children in OOH care - 1 year to 5 years and 13 to 17 years.



Source: Arizona Department of Child Safety

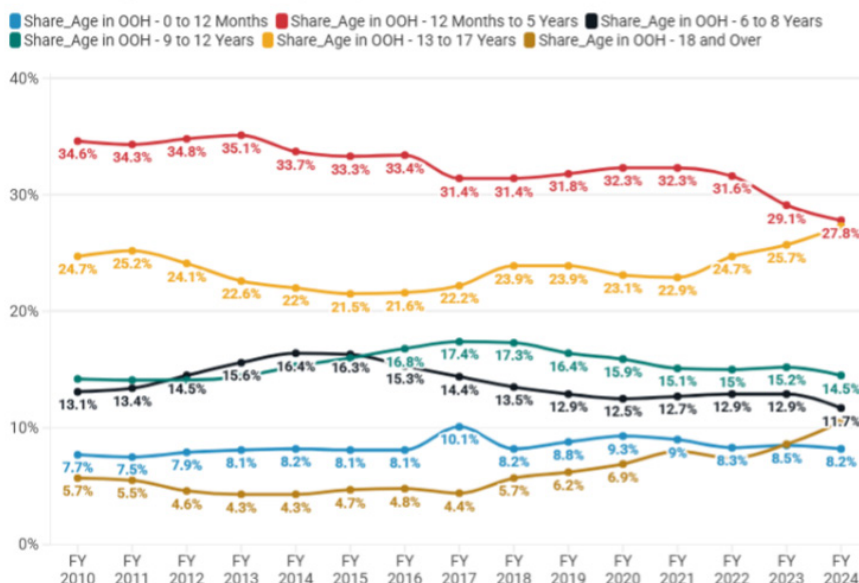
Looking more broadly at how the age group makeup has been changing from 2010 through 2024, the age groups with the largest changes are individuals aged 12 months to 5 years (down from 34.6% to 27.8%) and individuals aged over 18 (up from 5.7% to 10.5%). As another first (e.g., in addition to the rise of individuals aged 18 and over), children within the age range 13 to 17 years of age will likely have passed children aged 1 year to 5 years of age and thereby becoming the larger age group in the DCS system. Certainly, the changing birth rate has something to do with this trend, but it's likely not the only factor explaining the rise from a low of 21.5% in 2015 to 27.3% in 2024.

In addition to the age group makeup of OOH care children, DCS reports the racial makeup of children in care. Shown in Figure 22, is the breakdown for the six reported ethnic groups in terms of caseload counts (and not normalized to population shares). As of May 2025, the two largest ethnic populations were Hispanic (2,461) and Caucasian (2,433) children, making up 32.8% and 32.4%, respectively, of all children in DCS OOH care. The third largest group are African-American children at 20.7% of all children in care. American Indian children accounted for approximately 12.0% of children. Lastly, Asian children account for less than 1% and the Other/Unknown ethnic group accounts for 1.2% (see Figures 21 and 22).

**FIGURE 21.**

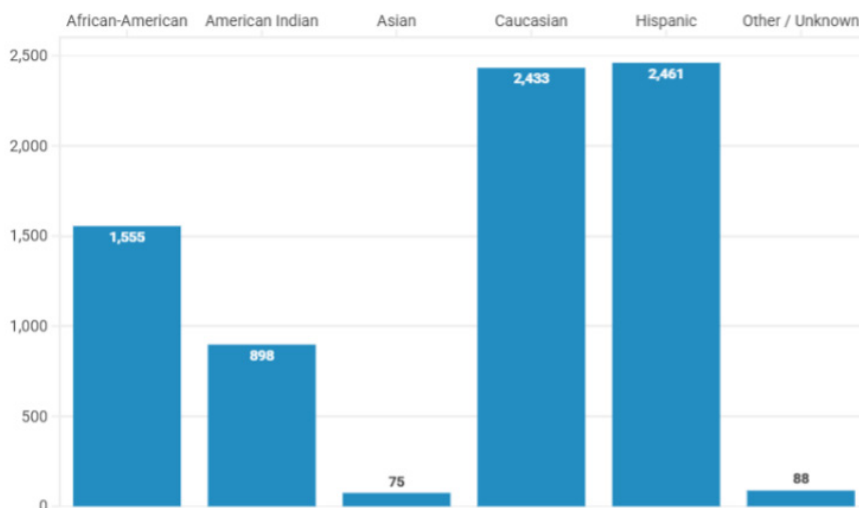
### Share of Individuals by Age Group in DCS OOH Care

The age groups with the largest change in their share of DCS OOH from FY 2010 through FY 2024 are the share of individuals aged 18 and over (up from 5.7% to 10.5%) and the share of individuals aged 12 months to 5 years (down from 34.6% to 27.8%).

**FIGURE 22.**

### Ethnic Makeup of the Individuals in DCS OOH Care, May 2025

As of May 2025, the largest ethnic group in OOH care was Hispanic children, followed by Caucasian, African-American, and American Indian.



Source: Arizona Department of Child Safety

The ethnic makeup of children in OOH care has changed across the years (see Figure 23), although all ethnic groups have seen a drop in the absolute number of children in DCS OOH care. In terms of the absolute number of children, Hispanic and Caucasian children have seen the largest declines (unsurprisingly given that these two groups account for the majority of children). The decline in children in DCS OOH care has been much slower for African-American and American Indian children.

In terms of the share of the overall population by ethnic group, the picture is different. Figure 24 reveals the share per 1,000 children in each ethnic group from 2019 through 2024. Overall, the ethnic group with the highest entry rate per 1,000 population is African-American. As of 2024, the entry rate as 12.8 children per 1,000 of African-American children. This is down from a peak of over 25 in the summer of 2019. The ethnic group with the next highest entry rate is American Indian. The 2024 number of American Indian children was 4.9, less than half the rate of African-American children. In looking through the historical experience, Asian, Hispanic, and Caucasian children have not seen the same level of DCS OOH entry rate or much change in their entry rate over the period shown. The statewide entry rate per 1,000 children – which is weighted by the number of children in the state – is much lower than that for African-American or American Indian children at 2.8.

FIGURE 23.

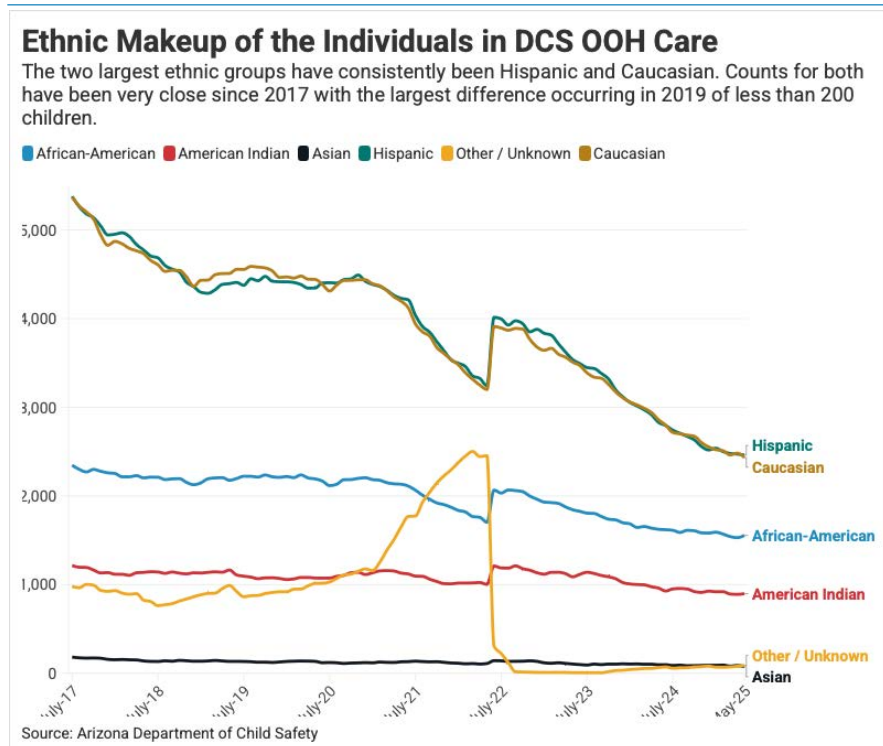
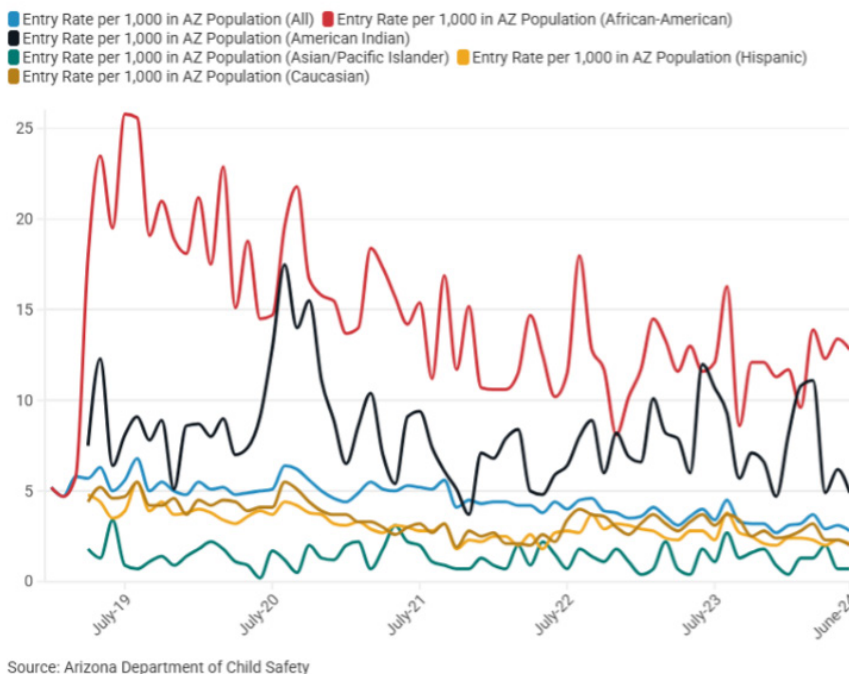


FIGURE 24.

### Ethnic Makeup per 1,000 in AZ Population, 2019-2024

Of the five ethnic groups reported, the entry rate into DCS OOH care is highest for African-American children and American Indian children. It is lowest for Asian/Pacific Islander children.



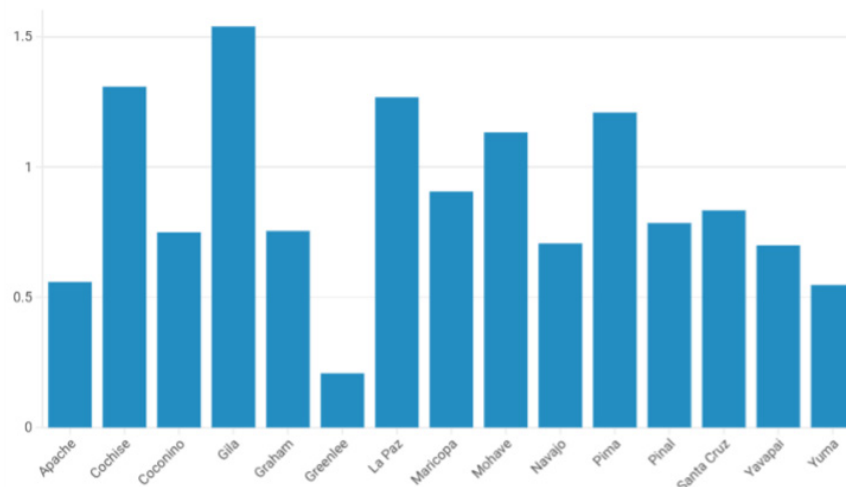


The makeup of children with a DCS connection also varies widely by county. The following figure shows the share of children in DCS custody by county. The two largest counties, as measured by population, account for approximately 75% of all entries to DCS custody, down from 78% in 2017. When looking at the rate of DCS OOH entry by county, the county with the highest rate is Gila County at 1.5. It is followed by Cochise and La Paz counties at 1.3 and Pima at 1.2. On the other end of the spectrum, the county with the lowest rate of DCS OOH entry is Greenlee County at 0.2 (Figure 24).

**FIGURE 25.**

### County Breakdown of DCS OOH Entries by County per 1,000 Persons

The counties with the highest DCS OOH entries in 2025 include Gila, Cochise, La Paz, and Pima.



Source: Arizona Department of Child Safety, Census Bureau

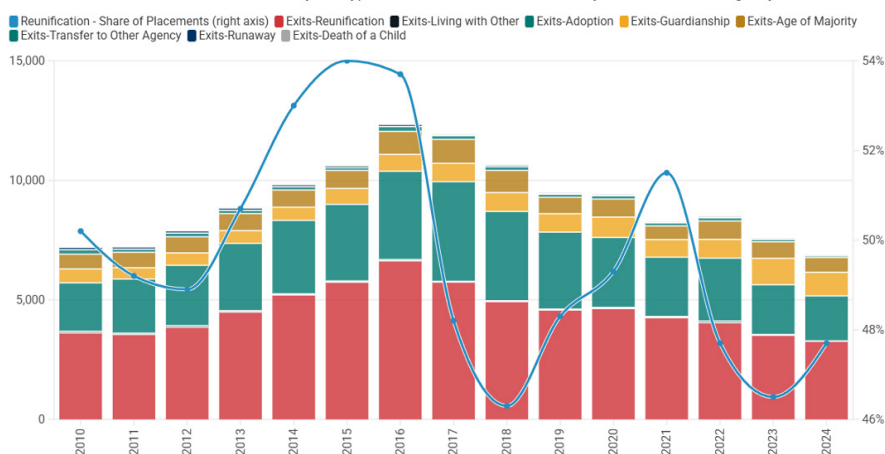
## Placement with Kin, Reunification, and the Outcome of OOH Care in Arizona

This section looks at placement results. The first figure looks at final placement either by reunification, living with another relative, adoption, guardianship, age of majority, transfer to another agency, runaway, or death of a child. Reunification has consistently remained the most frequent OOH exit type, having ranged between a low of 46% in 2018 to a high of 54% in 2015. The 2024 value was 48%. The second most common type of placement exit from DCS OOH care is

**FIGURE 26.**

### Out-of-Home Care Placements by Type

Reunification continues to be the most likely exit type from DCS OOH care, followed by Transfer to Other Agency.



Source: Arizona Department of Child Safety

Transfer to Other Agency; Guardianship and Age of Majority round out virtually all the placement exits from DCS custody.

In recent years, DCS began reporting the subgroup breakdown of placements, such as whether an adoption was with a relative (preferred outcome), a non-relative, or a foster parent. With the exception 2021 (34%), DCS has consistently kept the share of finalized adoptions above 50%. The most recent estimate is 53%. Adoptions by foster parents currently stand at 35%, while non-relative adoptions are currently at 12%.

## INITIAL PLACEMENT RESTRICTIVENESS AND PLACEMENT STABILITY

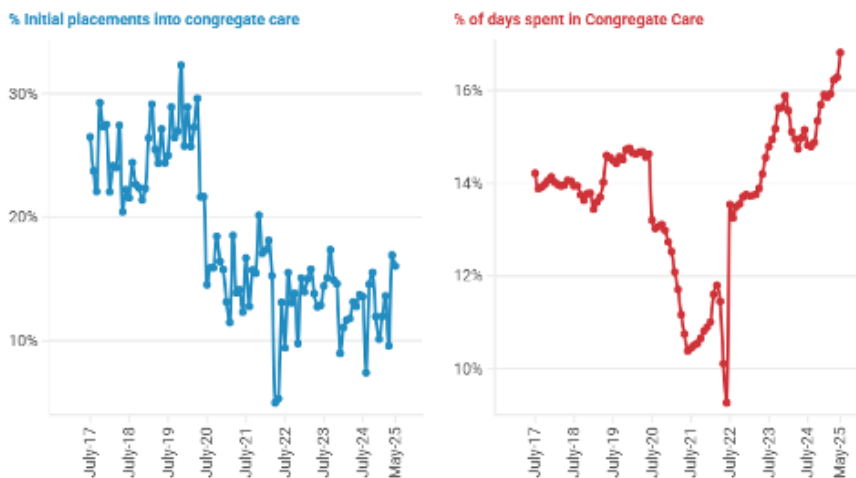
In addition to the types of placements children end up in when they leave OOH DCS care, another important measure of the well-being of DCS children are the share of initial placements in congregate care, the share of initial placements in foster care setting, the share of initial placements in kinship care, and the share of initial placements in other settings.

Looking first at the share of initial placements in congregate care, the figure to the right depicts just that. Overall, the share of initial placements has dropped from a peak of 32% in 2019 to about 16% in May 2025. There was a large shift away from congregate care in early 2020 (COVID-19 pandemic) and, although some might have expected the share of initial placements in congregate care to rise back to the pre-pandemic levels, that is not what has happened. Instead, the share of initial placements in congregate care has continued to slowly decline, reaching as low as 5% in summer 2022.

FIGURE 27.

### Congregate Care - Initial Placement and Share of Days

The share of initial placements has dropped from a peak of 32% in 2019 to about 16% in May 2025. When shifting the picture to the share of days spent in congregate care, that measure is up slightly, from around 14% in 2017 to just shy of 17% in May 2025.

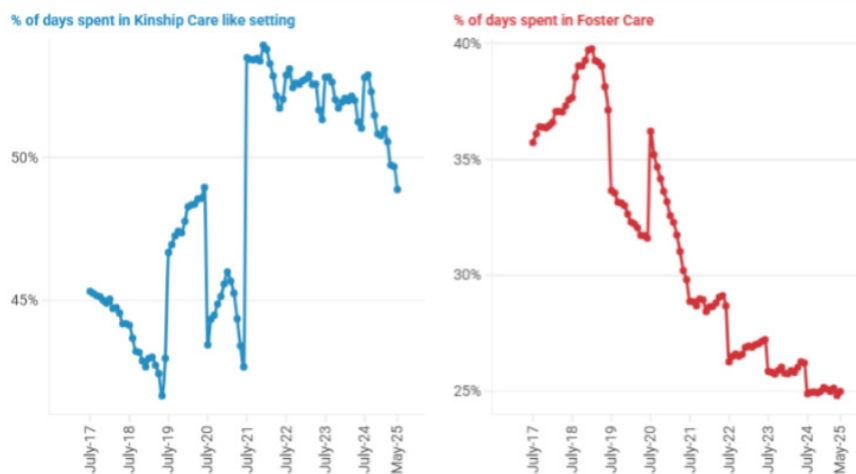


Source: Department of Child Safety

FIGURE 28.

### Kinship and Foster Care - Share of Days Spent in Each Setting

The share of days spent in Kinship Care has increased from 45% in 2017 to 49% in 2025. Kinship Care reached a peak of 54% in December 2021. Foster Care, on the other hand, is trending down, from a peak of 40% in 2019 to 25% in May 2025.



Source: Department of Child Safety



When shifting the picture to the share of days spent in congregate care, that measure is up slightly, from around 14% in 2017 to just shy of 17% in May 2025 (see Figure 27).

Switching to kinship and foster care, the figure to the right has that view. On kinship care, the share of days spent in such care is generally in an upward trend since 2017, with the share of days going from 45% in 2017 to 49% in May 2025. The share of days in kinship care peaked in December 2021 at 54%, and has generally trended down slightly since that peak.

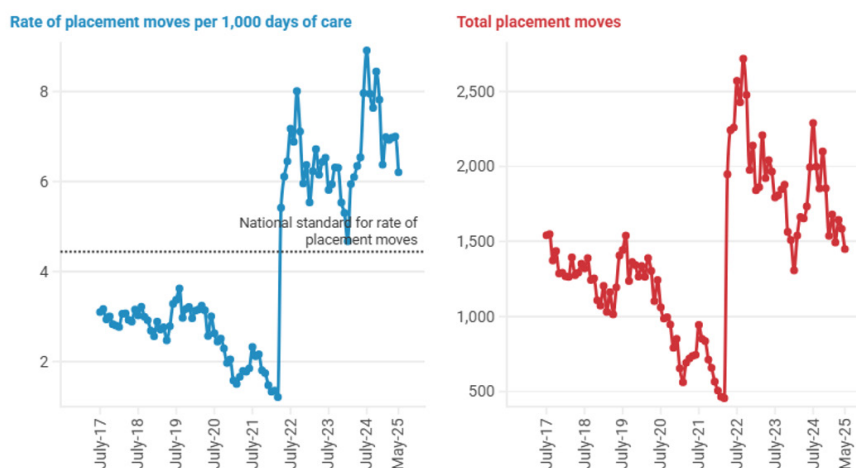
For non-relative foster care, the share of days in such care has generally been in a downward trend since it peaked at 40% in January 2019. During the COVID-19 pandemic, foster care's share of days jumped from 32% to 36% over the summer, but quickly thereafter continued a downward trend in its prevalence among children in DCS OOH custody. The May 2025 estimate put the share of days in foster care at about 25%, much less than the 49% for kinship care.

A key measure of placement stability is the rate of placement changes per 1,000 days of care and total placement moves, both depicted in the following figure. Per DCS information, the rate of placement moves per 1,000 days (RPM) of care and total placement moves have experienced two periods distinct periods. From 2017 through early 2022, placements were trending down and the RPM was below the national standard (4.44). From March 2022 to September 2022, the number of placement moves jumped

**FIGURE 29.**

### Placement Moves

The rate of placement moves per 1,000 days of care jumped from March 2022 to September 2022, and has since stayed at the higher threshold.

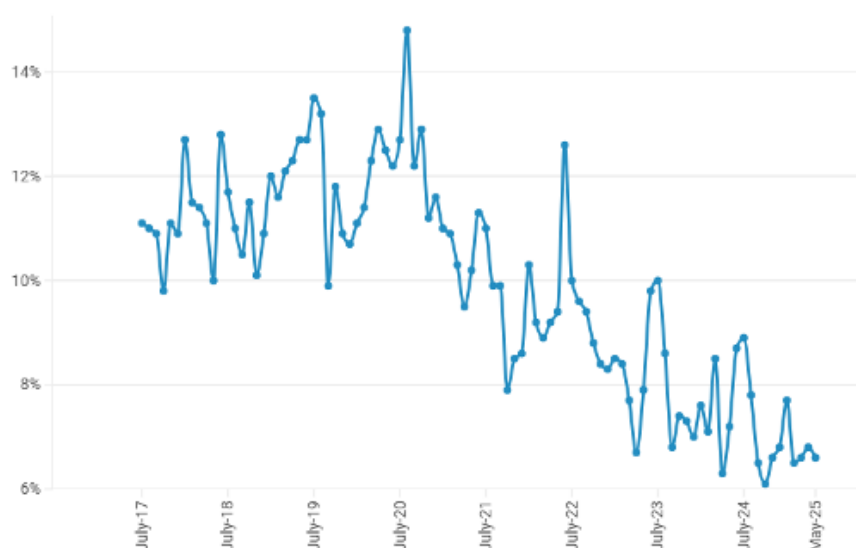


Source: Department of Child Safety

**FIGURE 30.**

### Removal

Consistent with an effort to keep children safely with kin, the share of children removed has been trending down since peaking at 14.8% in August 2020. In May 2025, it was 6.6%.



Source: Department of Child Safety

considerably, pushing the RPM into a higher general level. In recent months, placement moves and RPM have both been trending down, although not to the pre-2022 level. This performance area needs greater attention.

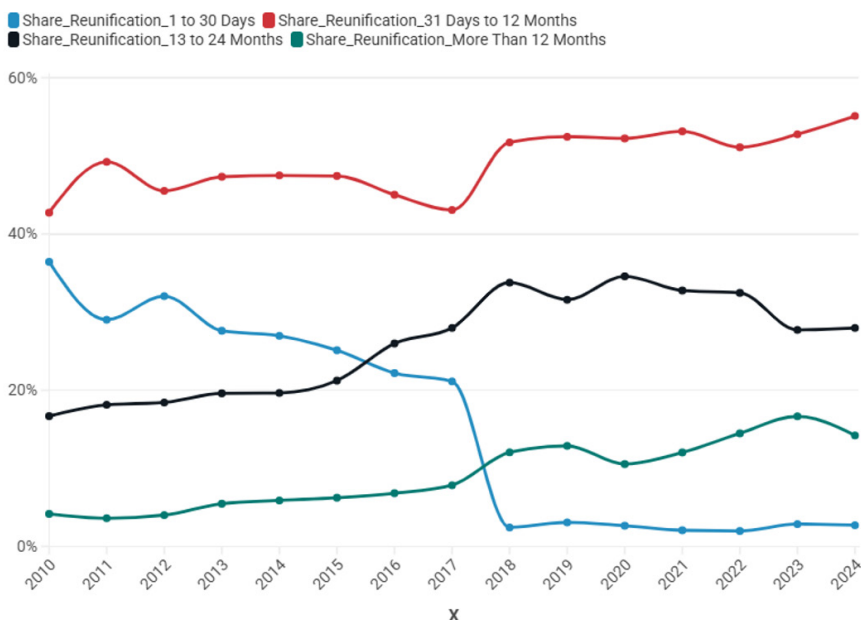
In addition to the aforementioned measures of child welfare activity, child welfare is affected by the safe removal of children who are found to be in such a situation where DCS OOH care would benefit the child. The following figure looks at the percentage of reported children removed within 30 days. Consistent with an effort to keep children with kin, the share of children removed has been trending down since peaking at 14.8% in August 2020. In May 2025, it was 6.6%.

The entries-to-exits section provides details on reunification and other types of results on the welfare of the child. In addition to the overall counts of reunification, another measure of performance is the quickness of reunification. The following, based upon the semi-annual reporting, shows the counts of reunification across time frames. Overall, the share of parental reunifications that has taken between 31 days and 1 year has steadily grown over the past 15 years, from 43% to 55%. Coinciding with the rise in the “31 days to 1 year” time frame has been a drop for the “1 to 30 days” category, going from 36% of all parental unifications to 3% in 2024. Agencies generally want to minimize short stays in OOH care.

**FIGURE 31.**

### Length of Time Before Reunification with Parent

From 2010 through 2024, the share of reunifications with parents that took 31 days to 1 year grew from 43% in 2010 to 55% in 2024. The rise in the “31 days to 1 year” time frame coincided with a drop in the “1 to 30 days” category, going from 36% in 2010 to 3% in 2024.



Source: Department of Child Safety

## FUNDING OF CHILD SAFETY

The Common Sense Institute has documented at length the rapid growth in state and local government budgets over the last five years, the cost-of-living crisis driven by consumer price inflation and the Phoenix metropolitan areas record 40% home price increase, and the growth in public expenditure in areas like homelessness and public education where only limited tangible improvement (if any) can be observed. Naturally, then, given the apparent relative success Arizona has had in improving conditions for its at-risk children, generally, and improving permanency/retention and reducing out-of-home care in its child welfare system, specifically, there's a question of the cost of this success.

This section attempts to account for the costs of Arizona's child welfare system. This analysis goes beyond just looking at the budget for the Department of Child Safety (DCS). We worked to identify state expenditures across the totality of the state government, and specifically including at the Department of Economic Security (DES) and the Department of Health Services (DHS). The report also tries to account for expenditures in this space by the state's non-profit community, which traditionally has served a

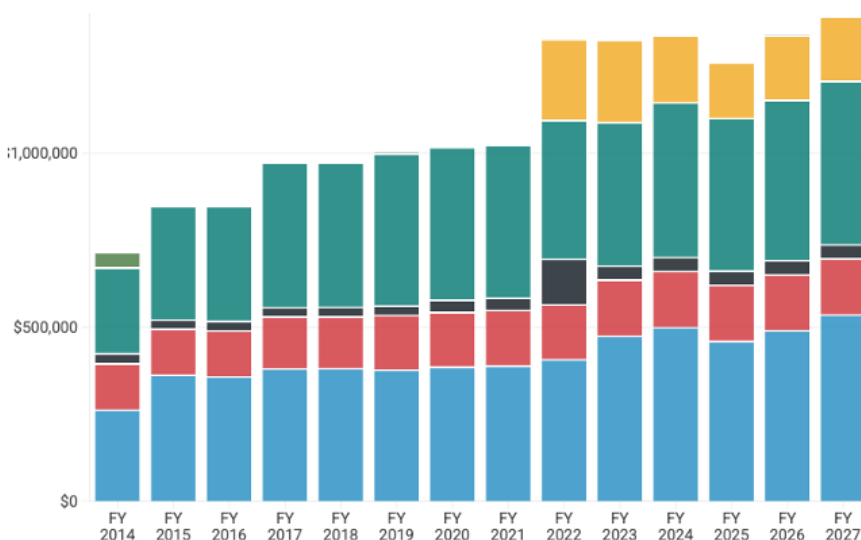
partnership role with public entities in administering child welfare programs and caring for in-system children. To identify this universe of funding, Common Sense Institute looked for direct program budget ties to "child welfare", "foster care", "child abuse and mistreatment", and similar terms and keywords; efforts were made to exclude peripheral but indirect funding and support (e.g., regular workday child care, public healthcare benefits received by children unless specifically targeting children in the state child welfare system, and other general welfare or social benefits support for

**FIGURE 32.**

### Department of Child Safety Budget

Thousands \$, FY 2014 Appropriated - FY 2027 Requested budgets.

General Fund ■ TANF ■ Child Care and Development Fund (in 2016, it was called "Federal CCDF Block Grant")  
 CDCS Expenditure Authority Fund ■ Comprehensive Health Plan Authority Fund ■ Child Abuse Prevention Fund  
 Children and Family Services Fund (in 2016 doc, known as "Children and Family Services Training Program Fund")  
 Child Welfare Licensing Fee Fund ■ Risk Management Revolving Fund  
 Long-Term Care System Fund (Non-Federal Matched)



Source: Arizona Joint Legislative Budget Committee • Note figures reported here may differ from final appropriated budgets and actual expenditures, and in the latest figures reflect agency budget requests (which may provide insight into the agency's budget priorities relative to appropriated amounts).

children as a population), and to avoid double counting money as it moved between state agencies or non-profit partners.

The DCS' budget has increased from approximately \$711 million at inception (FY 2014) to a requested FY 2027 budget of almost \$1.4 billion (+97%), representing a compound annual growth rate of 5%. The largest single source of funding is the General Fund at a little over 38% of operating funds, followed by the CDCS Expenditure Authority Fund (a source covering various federal grant-making program, including Title IV) at about 34%. Overall, **about 62% of the DCS budget is composed of federal monies spread across several funds and funding sources.**<sup>47</sup>

The broad revenue sources cover expenditures for:

- Foster home placement,
- Congregate group care,
- Out-of-home support,
- Adoption services,
- Permanent guardianship,
- Extended foster care,
- Preventative services,
- In-home mitigation,
- Kinship care,
- Child care subsidies,
- Caseworkers/staff,
- Legal services, and
- Healthcare expenses.

The budgeted FY 2025 FTEs was 3,283 positions. Appendix A contains the budget items for the agency. As noted, while DCS represents the lions share of expenditures today for child welfare, it is not the only source of state support.

For context, the overall state General Fund budget has grown from \$8.9 billion to an estimated \$17.5 billion over the same period (+97%). In terms of total spending authority (which would include some Federal funds), the state budget has grown from an estimated \$30.5 billion in FY 2014 to \$71.2 billion in FY 2026 (+133%). CPI inflation over this same period was approximately 43%.

These additional reference points: (a) total funding for public K-12 education (including federal sources but excluding ESA, STO, and (b) certain other resources) has increased about 70% over the same period; state support specifically (predominantly from the General Fund) has increased 102% between FY 2014 and FY 2026.<sup>48</sup>

## Contributions to Qualifying Foster Care Organizations (QFCO)

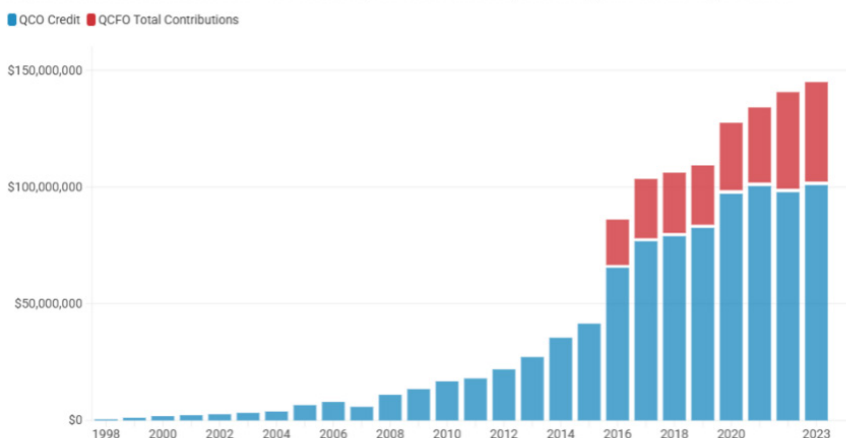
In addition to appropriations from the General Fund, federal funds, and other sources, individuals donate to charitable organizations providing care—including foster care—receive a tax credit for a portion of their donations. The following figure shows the annual history of the QFCO from 2008 through 2023. Prior to 2016, contributions classified as QFCO-eligible would have been captured in the broader Qualified Charitable Organization (QCO) statistics. Because of the overlap, both are reported in Figure 33. Appendix B has additional detail on QCO and QFCO contributions.

This tax credit program is useful because it is *de facto* public support for child welfare services (in that it is offset dollar-for-dollar in reduced state income tax revenues), and it provide insight into the private not-for-profit space. Utilizing the annual tax credit reporting, CSI was able to isolate many of the local non-profits that are providing child welfare services.<sup>49</sup>

**FIGURE 33.**

### QCO/QFCO Credit from 1998 to 2023

Credit value increased significantly after 2015, when contribution limits were increases and the existing single credit was separated into two distinct credits - with the new QFCO credit exclusively benefiting child welfare organizations.



Source: Arizona Department of Revenue

## OTHER NON-PROFIT SPENDING

For purposes of this report, CSI identified 91 state and local non-profit organizations that – based on their annual reporting, receipt of QFCO monies, or other indicators – provide child welfare-related services to children in the state. Tax exempt organizations in the United States are required to file regular and timely informational returns with the Internal Revenue Service (called a Form 990); these disclosures provide a relatively thorough organization aggregate financial accounting, and some insights into organizational revenue sources and programmatic expenditures. Relying on public databases retained by both the Internal Revenue Service<sup>50</sup> and GuideStar<sup>51</sup>, CSI reviewed the most recent Form 990's for these 91 organizations to aggregate additional non-profit child welfare service support not already accounted for in federal and state grantmaking and spending.

In total, these organizations reported \$533.4 million in annual expenditures on their most recent informational returns. Of that, CSI estimates that \$414.4 million (78%) was directly child welfare related. These agencies also reported that about 36.4% of total revenues were derived from government sources, meaning that up to \$150.9 million of reported child welfare spending may be publicly funded and therefore potentially accounted for in our state expenditure numbers. Because we could not directly track this spending over time due to time and data availability constraints, we assume this figure grows only due to inflation in our time series figures.

In summary, **we estimate the true range of net new child welfare-related spending added by the states non-profit community is between \$263.5 and \$414.4 million annually**, depending on how much of the public funding is already accounted for in our government budget figures. For perspective, total QCO annual contributions are about \$100 million and not exclusively for child welfare activities; QFCO contributions contribute another roughly \$50 million annually.

## Child Welfare-Related DHS and DES Funding

In addition to DCS and the non-profit community, child welfare also receives state funding and programmatic support from programs within the Department of Health Services (DHS) and the Department of Economic Security (DES).

### DHS

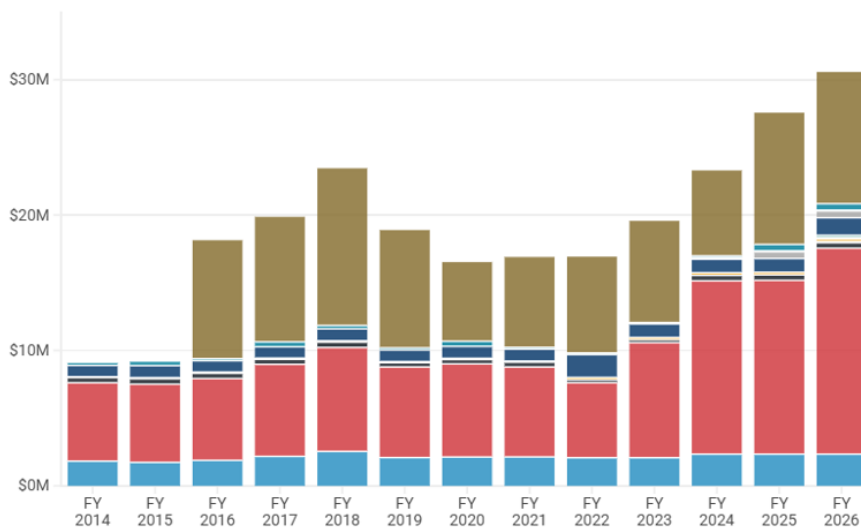
Within DHS, CSI identified 13 programs related to child welfare, including: High Risk Perinatal Services, Newborn Screening Program, Folic Acid Program, Advisory Committee on Maternal Mental Health, Child Fatality Review, School-Linked Suicide Prevention Coordinator, Childcare Coaching Staff, Child Care & Development Fund expenditures, Counseling Services for Parents of Minors Killed by Violence, Childhood Cancer & Rare Childhood Disease Research Fund, Congenital Heart Defect Special Plate Fund, Oral Health Fund, and Health Services Lottery Monies Fund. A history of the funding for these programs is shown in the following figure. Today, the agency spends about \$30 million annually on child welfare-related activities.

**FIGURE 34.**

#### Child Welfare-Related Programs within DHS

FY 2014 - FY 2026

High Risk Perinatal Services Newborn Screening Program Folic Acid Program  
Advisory Committee on Maternal Mental Health – Technical Assistance Child Fatality Review (operating allocation)  
School-Linked Suicide Prevention Coordinator (earmark in operating) Childcare Coaching Staff (licensing support)  
Child Care & Development Fund (licensing-related) Counseling Services for Parents of Minors Killed by Violence  
Childhood Cancer & Rare Childhood Disease Research Fund Congenital Heart Defect Special Plate Fund  
Oral Health Fund (Medicaid-eligible children)  
Health Services Lottery Monies Fund (WIC/Health Start/Teen Pregnancy Prevention)



Source: Arizona Joint Legislative Budget Committee • The figures represent actual when actual figures were available or estimated if unavailable.



## DES

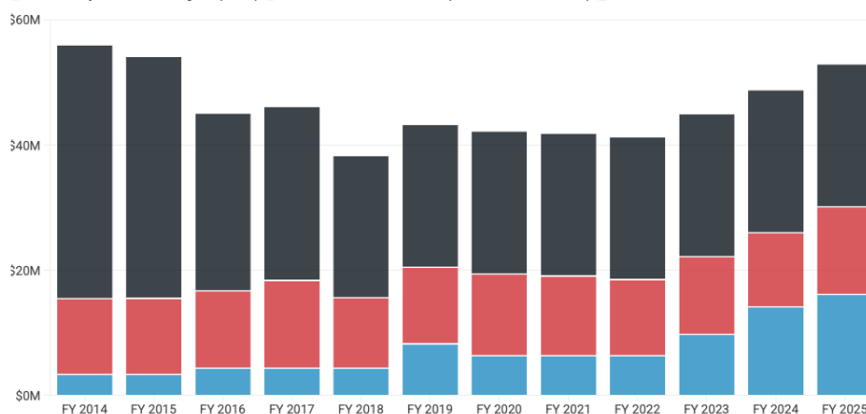
Within DES, CSI identified four programs related to child welfare, including: Arizona Early Intervention Program, Domestic Violence Prevention, and the portion of Federal Temporary Aid to Needy Families (TANF) block grant monies specifically used for cash benefits for families of needy children. A history of changes to these identified funding items within the agency is presented in the following figure; today the agency spends approximately \$51 million annually on child welfare-related activities.

**FIGURE 35.**

### Child Welfare-Related Programs within DES

FY 2014 - FY 2025

■ Arizona Early Intervention Program (AzEIP) ■ Domestic Violence Prevention (Adults & Children served) ■ TANF Cash Benefits



Source: Arizona Joint Legislative Budget Committee

## Total Child Welfare-Related Spending in Arizona

Considered together, CSI identified four areas of direct child welfare spending in the state of Arizona: three state agencies with the support of federal grants, and across 91 explicitly mission-aligned Arizona nonprofits. These nonprofits are supported in part with direct federal funding, but also indirectly through the states charitable tax credits. Total spending reached approximately \$1.8 billion in the most recent data reviewed by CSI, with some slight projected growth in the upcoming budget years. Almost three-quarters of all spending occurs at the Department of Child Safety, and over 60% of the spending whose source was readily identifiable is federally funded.

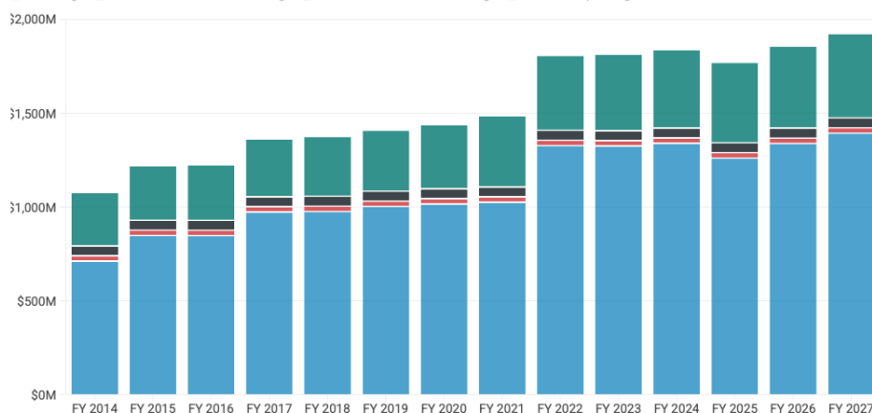
Again for perspective, in 2014-2015 when DCS was established as an independent agency and the state began earnestly modernizing and reforming its child welfare regime, total spending was up to an estimated \$1.07 billion.

**FIGURE 36.**

### Child-Welfare Related Spending in Arizona

Budgeted figures for DCS, estimated figures for DHS, DES, and identified Arizona Non-Profits. For simplicity, this graph includes total identified child welfare spending by non-profits in their most recent informational tax return, adjusted over time only for inflation.

■ DCS Budget ■ DHS Child-Welfare Related Budget ■ DES Child-Welfare Related budget ■ Non-Profit Spending



Source: Arizona Joint Legislative Budget Committee, Arizona Department of Revenue, Internal Revenue Service



## Employment and Staffing at DCS

DCS reports three groups of employees: specialists, operations staff, and central admin staff. The number of employed specialists is generally trending down, from 1,366 in July 2016 to 1,257 as of May 2025. The number of operational staff is also down from 909 in July 2016 to 832 in May 2025. There was a classification change in October 2023 which shifted some operational staff to administrative staff. Behind reclassification change are two explanations per DCS: first, the agency converted 55 contracted temporary staff positions into FTE state positions and second, the agency shifted 16 HR field liaison positions to report under the central office HR. And according to DCS, most of the volatility in the FTE figures in this period – particularly in the admin staff and in the 2023-2024 period – can be attributed to reclassifications of existing staff and reporting changes, rather than true changes in overall staffing or employee compositions. Overall, acknowledging this classification change, the number of central administrative staff at the DCS is up from 434 in July 2016 to 708 in May 2025. The overall number of employees is up from 2,709 in July 2016 to 2,797 in May 2025.

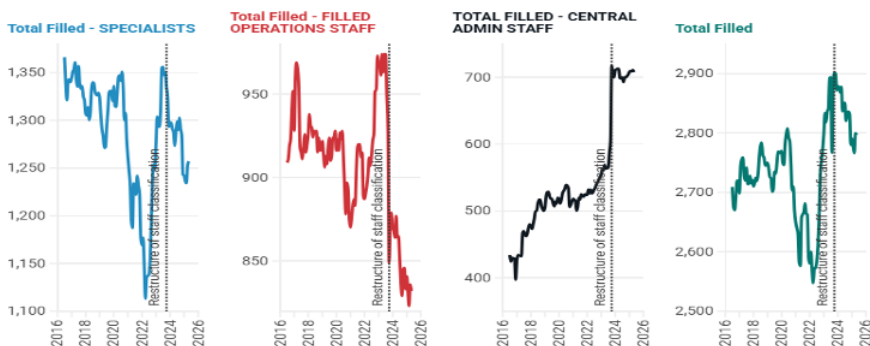
In addition to the view in the prior figure, DCS mentioned that its appropriated budget for FY 2026 of \$139,316,600 funds 1,406 FTE positions in the Case Worker special line item. The agency's budget was reduced to \$139,316,600 in this fiscal year while the number of appropriated FTE positions was not reduced. At current wage rates, the agency may not have the funding to hire up to the total positions the agency has in the field.

In recent months, the DCS' turnover rates are down from where they were in the tight labor market years from 2022 through 2024. The most recent monthly estimate (not the 12-month rolling figure of the following figure), the total agency turnover rate is 1.50, near its all-time low of 1.47 in April 2020.

**FIGURE 37.**

### Total Staff at the Department of Child Safety

Noting the relative scaling of each axis and historical reclassification of existing employees, the agency saw significant growth in recent years - and child welfare specialists remain the largest role.



Source: Department of Child Safety

# ECONOMIC IMPACT OF CHILD WELFARE – A LOOK THROUGH THE MVPF LENS

## Investing in Child Welfare: Can It Pay for Itself Over Time?

Policymakers often ask whether public investments in child welfare – such as Arizona’s Department of Child Safety (DCS) programs for early intervention and family support – “pay for themselves” in the long run. Research suggests proactive spending can yield significant downstream savings, but there are also cautions that savings are not guaranteed.

## Potential Long-Term Savings from Early Intervention and Family Support

**Reduced Foster Care and System Costs:** Preventative services (like parenting programs, economic supports, and home visiting for at-risk families) can avert child abuse or neglect, thereby avoiding expensive foster care placements and other remedial services. A 2017 RAND study modeled a package of expanded prevention and kinship care policies and found it could improve child outcomes and reduce total costs – cutting lifetime child-welfare expenditures by an estimated 3–7% (about \$5–\$10 billion in savings) compared to current practices.<sup>52</sup> Keeping children safely with their families can be cheaper than removal: “It costs more to take a child out of the home than to keep a child in the home,” one researcher noted, underscoring the emotional and financial toll of foster care.<sup>53</sup>

**High Cost of Maltreatment vs. Prevention:** The societal costs of unchecked child maltreatment are large, suggesting the potential for prevention to yield net savings. A recent study from Chapin Hall estimated that each case of non-fatal child abuse incurs over \$830,000 in lifetime costs (medical care, mental health, criminal justice, lost productivity, etc.)<sup>54</sup> By contrast, quality prevention services that work cost a fraction of that. For example, evidence-based home visiting programs like Nurse-Family Partnership have upfront costs, but by reducing later foster care, healthcare, and justice involvement, they can possibly save billions over children’s lifetimes. One national analysis concluded that combining prevention programs with family-based alternatives to foster care “pays for itself,” yielding better outcomes and a net 7% cost reduction over time.<sup>55</sup>

**Return on Investment (ROI) Examples:** Several studies document the potential for impressive ROIs for specific early interventions. An Arizona county that opened a family resource center (offering voluntary parenting support) saw child abuse rates drop, yielding an estimated 450% return (about \$4.50 saved for every \$1 spent) in reduced child welfare and juvenile justice costs<sup>56</sup> Advocates note these savings

extend beyond child welfare: preventing maltreatment also lowers long-term expenditures on mental health treatment, incarceration, and special education. In fact, one public health review estimated that for every \$1 spent on well-designed prevention programs, about \$25 is saved in future costs to foster care, healthcare, and the justice system.<sup>57</sup>

While the exact ratio varies by program, the overall message is that upfront investment in keeping families stable can avert far costlier interventions down the road. The key word here is *can*, but not guaranteed.

## Challenges and Why Savings May Not Fully Materialize

**Upfront Costs and Delayed Benefits:** A key challenge is timing. Many benefits of child welfare investments accrue years or decades later – beyond the immediate budget cycle. For instance, preventing maltreatment in early childhood might avoid incarceration or chronic health costs in a teenager’s future, but those savings come well after the initial intervention if at all. Cost-benefit models that show positive ROI usually assume a lifetime horizon to capture all potential future savings. In such a model framework, it is difficult to verify if the savings actually occurred.

**Difficulty Targeting High-Impact Cases:** Another reason investments may not fully pay for themselves is that not every dollar goes toward a child who would otherwise end up in costly foster care or worse. Targeting is crucial: if prevention services are broad-based, some families receiving help might never have abused or neglected their children anyway, meaning the spending doesn’t yield measurable savings. On the other hand, the families who do avoid foster care placements because of support services produce the bulk of the savings.

If a program isn’t well-focused on the households at highest risk, the average return may be modest or produce a loss (if one can put state government in an investor’s perspective).

**Inconsistent Implementation and Spending Priorities:** Achieving self-financing prevention also requires a shift in how child welfare systems allocate resources – something easier said than done. Arizona’s DCS was explicitly tasked to emphasize child abuse prevention when it was established.

**Measuring and Attributing Savings:** Finally, it can be difficult to quantify whether a given investment truly “paid for itself.” Savings may appear in different budgets (for example, reduced Medicaid or juvenile justice costs are outside DCS’s purview), making it hard for any one department to claim the benefit. There is also the inherent challenge of proving a negative – e.g. demonstrating that because of a program, a child did not enter foster care or commit a crime, when that outcome is hypothetical. Cost-benefit analyses rely on statistical estimates and assumptions that carry uncertainty. Some prevention programs show only incremental improvements, which may not drastically reduce costs. For example, an evaluation might find a parenting class reduced abuse incidents by 5%, which is positive but might not translate into large immediate savings for the state. These nuances mean that while in aggregate prevention can save far more than it costs, in practice a child welfare budget may not see dollar-for-dollar returns in every case.

In summary, public investment in child welfare has the potential to pay for itself over time through reduced foster care loads, better life outcomes for children, and lighter demands on other public systems, but it is hard to say for certain that these programs fully pay for themselves.

## THE BOTTOM LINE

Since its creation, the Department of Child Safety has demonstrated a focus on reunification, permanency, and keeping families together. This focus is working. Policymakers should be cognizant of that success and the risks of changing course as they debate reforms brought up after recent high-profile incidents are explored.

Additionally, since the 1990's, academic research and real-world data have confirmed what works: parents raise children best, and states should strive to create environments where families thrive. Improving incomes, lowering food insecurity, and ensuring access to sufficient and affordable housing — all of which Arizona has done — are policies states can enact outside of their formal child welfare systems to ensure success.

# APPENDIX A

Department of Child Safety Current Budget	
	FY 2025 APPROVED
<b>OPERATING BUDGET</b>	
Full Time Equivalent Positions	3,283.1
Personal Services	\$71,357,400
Employee Related Expenditures	\$29,058,600
Professional and Outside Services	\$11,470,400
Travel - In State	\$332,300
Travel - Out of State	\$81,600
Other Operating Expenditures	\$32,795,800
Equipment	\$953,900
Operating Subtotal	146,050,000
<b>SPECIAL LINE ITEMS</b>	
Additional Operating Resources	
Attorney General Legal Services	\$27,989,800
Caseworkers	\$132,068,000
General Counsel	\$0
Inspections Bureau	\$0
New Case Aides	\$0
Office of Child Welfare Investigations	\$11,264,900
Records Retention Staff	\$0
Training Resources	\$9,150,000

<b>OUT-OF-HOME PLACEMENTS</b>	
Congregate Group Care	\$103,682,000
Extended Foster Care	\$19,887,200
Extended Foster Care Service Model Fund Deposit	\$0
Foster Home Placement	\$42,547,300
Foster Home Recruitment, Study and Supervision	\$32,753,600
Kinship Care	\$20,584,600
<b>PERMANENT PLACEMENTS</b>	
Positive Parenting Program for Post Permanency Placements Pilot	\$0
Permanent Guardianship Subsidy	\$16,805,600
Adoption Services	\$287,221,600
Support Services	
DCS Child Care Subsidy	\$61,675,400
In-Home Mitigation	\$34,488,100
Out-of-Home Support Services	\$122,710,800
Preventive Services	\$32,412,700
<b>COMPREHENSIVE HEALTH PLAN</b>	
Comprehensive Health Plan Administration	\$28,641,600
Comprehensive Health Plan Premium Tax	\$3,196,600
Comprehensive Health Plan Services	\$127,989,800



## APPENDIX B

### QCO/QFCO Contribution History

Prior to 2016, there was a single credit available for all generally qualifying Arizona charities and including foster-care charity programs.

Tax Year	QCO Claimants	QCO Total Contributions	QCO Credit	QCO Credit Used	QCO Carry Forward	QFCO Claimants	QFCO Total Contributions	QFCO Total Credit	QFCO Credit Used	QFCO Carry Forward
1998	2,894	\$523,501	\$481,037	\$476,691	\$4,346					
1999	6,725	\$1,237,519	\$1,168,515	\$1,154,768	\$13,747					
2000	10,654	\$1,897,876	\$1,829,205	\$1,792,123	\$35,581					
2001	12,538	\$2,332,832	\$2,257,673	\$2,196,043	\$41,852					
2002	14,226		\$2,687,900	\$2,676,900						
2003	17,467		\$3,286,100	\$3,259,400						
2004	20,736		\$3,884,600	\$3,851,700						
2005	25,587		\$6,637,500	\$6,589,000						
2006	29,202		\$7,988,039	\$7,939,507						
2007	18,280		\$5,877,831	\$5,860,953						
2008	36,568		\$11,077,991	\$11,059,408						
2009	49,915	\$23,095,158	\$13,556,228	\$12,889,895	\$666,333					
2010	61,602	\$28,502,613	\$16,899,920	\$16,727,074						
2011	66,396	\$30,720,747	\$18,191,993	\$18,012,263						
2012	78,736	\$36,430,339	\$22,128,648	\$21,835,458						
2013	100,398	\$45,025,000	\$27,457,025	\$24,503,609						
2014	116,225	\$55,747,000	\$35,790,362	\$31,617,855	\$4,172,507					
2015	130,419	\$68,064,000	\$41,882,428	\$36,796,635	\$5,085,793					
2016	148,703	\$90,087,876	\$66,349,084	\$58,459,196	\$7,594,772	26,235	\$19,876,877	\$18,146,367	\$16,334,609	\$1,811,758
2017	165,525	\$104,069,795	\$77,783,334	\$68,594,148	\$8,830,903	33,839	\$25,893,820	\$24,012,278	\$21,502,241	\$2,510,037
2018	164,897	\$100,051,921	\$80,014,935	\$68,644,862	\$10,968,030	36,440	\$26,366,332	\$25,398,873	\$22,864,438	\$2,532,732
2019	167,057	\$99,977,483	\$83,573,904	\$70,311,855	\$12,707,794	36,075	\$25,896,068	\$25,434,460	\$22,609,627	\$2,824,833
2020	190,526	\$104,911,793	\$98,374,889	\$80,666,670	\$17,592,411	40,953	\$29,368,438	\$29,162,430	\$25,435,628	\$3,726,802
2021	189,007	\$118,009,936	\$101,640,893	\$83,496,087	\$18,067,880	43,431	\$32,749,544	\$33,435,447	\$28,208,242	\$5,227,205
2022	183,689	\$113,677,789	\$98,996,844	\$79,777,538	\$19,143,539	41,472	\$42,059,308	\$32,139,758	\$26,386,773	\$5,752,985
2023	183,321	\$102,004,432	\$102,073,356	\$82,229,229	\$19,771,332	41,359	\$43,277,682	\$32,731,119	\$26,409,316	\$6,321,803

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