



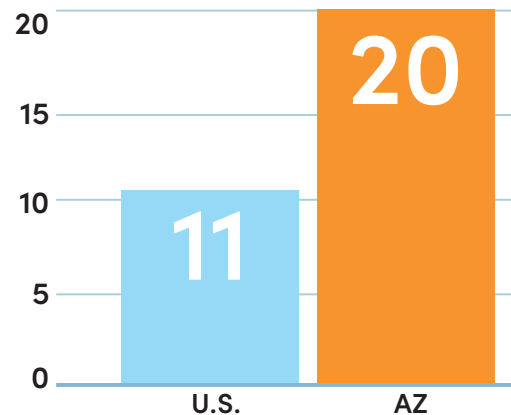
Reducing Arizona's Reliance on Congregate Care

In Arizona, about one in five children in foster care are placed in congregate care settings, nearly twice the national average (approximately 11%).¹

Source: Annie E. Casey KIDS COUNT DATA CENTER, 2023. The percentage of children and youth in the foster care system by placement type - group home or institution only.

CHILDREN IN FOSTER CARE PLACED IN
GROUP HOME OR INSTITUTION

U.S. VS AZ (2023)



Arizona is One of Four States with the Highest Share of Children Placed in Congregate Care



**THESE FOUR STATES
PLACE THE HIGHEST
SHARE OF CHILDREN
IN GROUP HOMES
OR INSTITUTIONS**

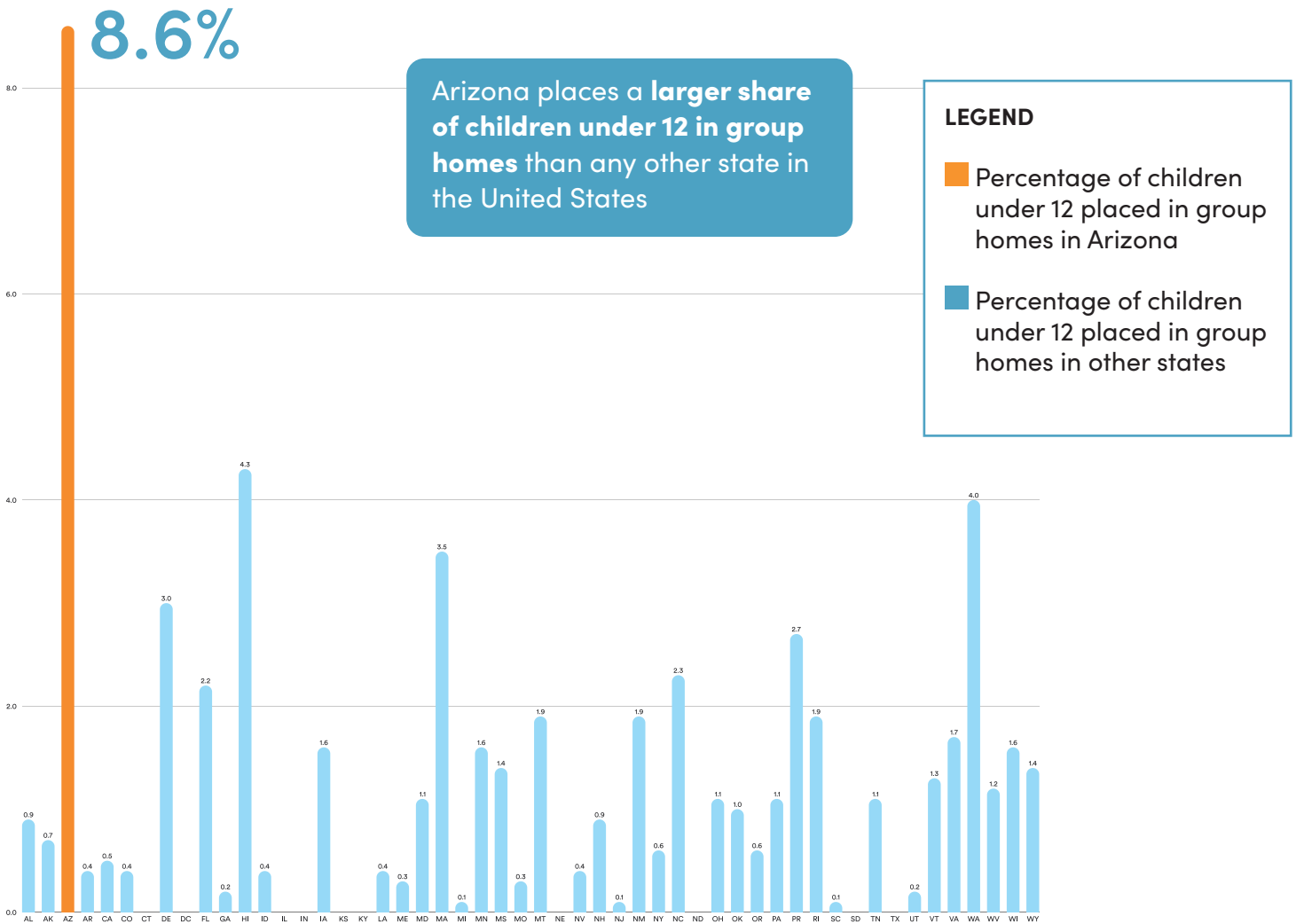
Kentucky 27%
New Hampshire 23%
Arizona 20%
Wyoming 20%

Arizona ranks third nationally (alongside Wyoming) for the percentage of foster children in group homes or institutional settings.¹ This reliance continues even as the total number of children in foster care has decreased.

Congregate care refers to institutional, facility-based placements where multiple unrelated children live together, such as group homes, Qualified Residential Treatment Programs (QRTPs), and residential treatment facilities. These settings may play a role in the short-term stabilization of some youth. However, research and youth experiences show that institutional settings are linked to poorer outcomes when used broadly or for long periods.²

Recent Department of Child Safety (DCS) strategic plans demonstrate a commitment to reducing institutional care and expanding family-based alternatives. However, progress has been limited by restricted access to behavioral health services, uneven service capacity across regions, and shortages of foster family homes – challenges that significantly affect child safety, equity, and public spending.

PLACEMENT OF YOUNG CHILDREN IN GROUP HOMES (%)⁴



Arizona’s Use of Congregate Care Is a National Outlier, Especially For Young Children

Federal child welfare data highlight Arizona’s high reliance on congregate care. The placement of Arizona’s youngest children in group homes and other institutional settings is the highest in the nation. In 2022, about 8.6% of children under age 12 in out-of-home care in Arizona were placed in group homes or residential settings—more than twice the rate of the next closest state.⁴ This level of institutional placement for young children does not align with best practices and indicates a structural reliance on congregate care over family-based alternatives.

Disproportionate Impact on Older Youth and Youth of Color

Arizona’s use of congregate care varies by age and race, reinforcing longstanding inequities. Black children make up about 6.4% of Arizona’s child population but account for 20.9% of children in out-of-home care, while American Indian children represent 4.9% of the child population and 12.4% of foster care placements.⁵

Within congregate care, 26.2% of Black youth are placed in group or residential settings, compared to a statewide average of 19.4%.⁶ Youth ages 13 to 17 comprise nearly one-third (31.8%) of children in out-of-home care, meaning adolescents—particularly youth of color—are more likely to experience institutional settings within a system that relies heavily on congregate care.⁵

Limited availability of homes for adolescents have led to continued reliance on group placements for older youth more often than the targeted, time-limited interventions that congregate care placements are designed to be.³

Runaway Incidents and Safety Risks

According to Arizona’s September 2025 Semiannual Child Welfare Report, group homes accounted for the largest share of documented runaway episodes by placement type during the reporting period.⁷ Runaway episodes disrupt services, delay permanency, and increase safety risks, including greater exposure to trafficking and other victimization. This pattern reflects risks associated with placement, not individual youth behavior.

Youth Voice, Mental Health, and Lived Experience

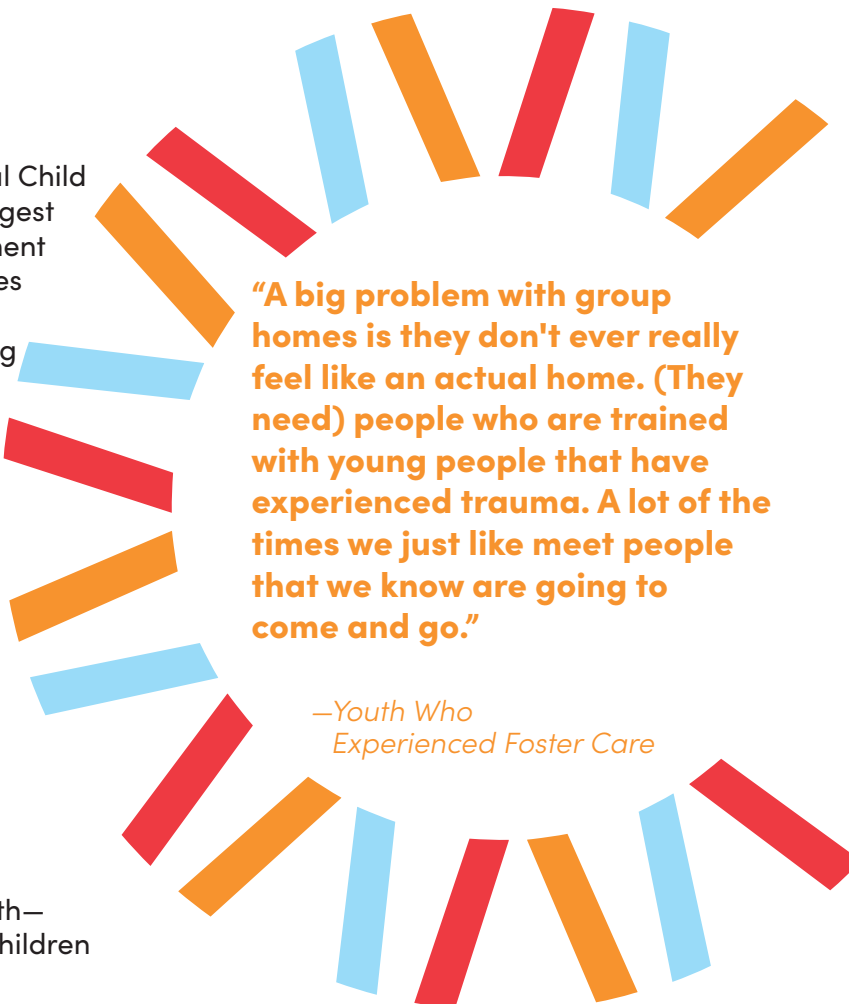
Institutional environments often exacerbate trauma and mental health challenges. Youth in congregate care experience higher rates of depression, anxiety, and behavioral disorders, and frequently struggle to form secure attachments essential to recovery. The institutional model—with rotating staff, rigid schedules, and an emphasis on behavioral compliance rather than relational growth—rarely provides the stable, nurturing relationships children need to heal from trauma.⁵

In youth listening sessions convened by Children’s Action Alliance, young people with lived experience consistently described congregate care as rigid, isolating, and marked by frequent staff turnover—conditions that made it difficult to form trusting relationships or feel emotionally safe.⁸ One youth shared, “Group homes felt more like control than support. What we needed was stability and someone who stayed.”⁹ Another youth noted, “Group homes should be a last resort, and I think we should work towards solutions that allow young children and people who have experienced the system to heal from their trauma and not multiply it.”

The Fiscal Implications

According to Arizona’s FY 2025 budget data, congregate care placements are among the most expensive in the child welfare system, costing about \$70,000 per child per year. In comparison, licensed foster care costs \$10,000–\$14,000 per year, and unlicensed kinship care costs about \$3,600 per year.⁹

Given this significant cost difference, even small reductions in congregate care use would free considerable public resources that could be reinvested in family-based placements, behavioral health supports, and prevention services—approaches linked to better outcomes for children and families.⁹



“A big problem with group homes is they don't ever really feel like an actual home. (They need) people who are trained with young people that have experienced trauma. A lot of the times we just like meet people that we know are going to come and go.”

—Youth Who Experienced Foster Care

DCS Has Taken Actions to Reduce Congregate Care

Much more action is needed to reduce the share of children placed in congregate care in Arizona, however, DCS has taken actions to try to achieve this goal. Examples of action include:

- Increased kinship placements for children. Arizona is well above the national average. Kinship placements now make up about 54.2% of out-of-home care placements in Arizona, compared to 35% nationally.¹
- Created the DCS Congregate Care Reduction Unit (CCRU) to review all cases of youth in congregate care and to identify family and family-like settings
- Implemented a system to increase youth voice in shaping placement decisions, including the use of youth-led bio forms to inform and identify placements
- Built a Welcome Center to offer a supporting environment and stabilize transitions
- Increased – by 50% – the daily rate of financial support for licensed foster families, including licensed kinship foster families, who care for children ages 6 and older¹⁰

Despite these efforts, Arizona’s reliance on congregate care remains high. Sustained policy and budget action is needed to build on recent progress. The federal Family First Prevention Services Act has further limited the use of congregate care in favor of family-based placements and community-based supports.

The Role of the Family First Prevention Services Act (Family First)

Family First was signed into law by President Trump in February 2018. The primary goal of the legislation was to shift focus of the child welfare system from placing children in foster care to preventing family separation when possible. To further this goal, the legislation provides federal funding for services such as mental health support, substance abuse treatment and in-home parenting programs.

An additional key aspect of the law encourages states to reduce reliance on congregate care settings, such as group homes, by prioritizing family placements. The law established stricter guidelines for use of residential treatment programs, so children who require such specialized care receive quality, short-term support in accredited facilities. Family First limited state use of Title IV-E funds for youth in congregate care. As of October 10, 2021, such funds can only be used for congregate care for 14 days, with some exceptions including for QRTP placements. Many states that have not reduced the share of youth being placed in congregate care settings must allocate more state funding to cover this cost.

A Path Forward

Arizona’s reliance on congregate care is not inevitable. States across the country have demonstrated that sustained reductions are achievable through system-level redesign that prioritizes prevention, strengthens family-based and kinship care, integrates behavioral health supports, and ensures congregate placements are used only when necessary, appropriate, and time-limited.¹¹

This approach includes supporting prevention and providing financial assistance to help families stay safely together; ensuring financial support for caregivers— including increasing equity in payments to kinship caregivers and restoring federally funded TANF child-only benefits for children raised by kin outside the DCS system—and continuing to invest in family-based placement capacity so congregate care is not used by default.



“Group homes felt more like control than support. What we needed was stability and someone who stayed.”


—Youth Who Experienced Foster Care

Arizona should also implement additional safeguards for young children, especially those under age 12, before placement in congregate care. **It should be an urgent goal for Arizona to stop being the state that places the highest share of young children in congregate care settings and to bring change so Arizona is no longer one of the top four states that places the highest share of children overall in congregate care settings.**

The state should continue to strengthen oversight and transparency, build protocols that move away from over-reliance on congregate care and that respect youth voice when in care, and enhance monitoring to ensure placement decisions are appropriate, time-limited, and focused on child safety and well-being.

Arizona can align its child welfare system with best practices and ensure children are supported in the least restrictive, most family-like settings possible.

**The evidence is clear:
children thrive in families, not institutions.**



"Group homes should be a last resort, and I think we should work towards solutions that allow young children and people who have experienced the system to heal from their trauma and not multiply it."

—Young Adult With Lived Experience

Children's Action Alliance provides this brief to educate policymakers and community and to advance the principles that shape our child welfare advocacy:

- Children thrive in families, not institutions.
- Our priority is supporting families so they can stay safely together when possible.
- When a child must enter foster care, every placement should reduce trauma and strengthen safety, stability, and connection.
- Kin are a preferred placement. Family-based settings lead to better outcomes for children than institutional settings.
- Decisions from system-wide policy to individual placements are most informed when based on the input of those with lived experience, especially the youth who are in – or have experienced – foster care

Our Thanks

Children’s Action Alliance has worked to reduce the use of congregate care in Arizona for many years. In our work for this brief, we give special thanks to the youth who met with us before the final draft to share their own experiences and the hopes they have for change for the children who come behind them. We also thank the youth and panelists who participated in our congregate care briefing. Policy development is made stronger when shaped by persons with lived experience.



Footnotes

¹ Arizona Department of Child Safety (DCS). Monthly Operational Outcomes Reports and Semiannual Child Welfare Reports (2025); Administration for Children and Families (ACF), Adoption and Foster Care Analysis and Reporting System (AFCARS).

² Annie E. Casey Foundation. What Young Children Experience in Group Care: National research synthesis cited in Children’s Action Alliance congregate care brief.

³ Arizona Department of Child Safety (DCS). Strategic Plan and placement capacity analyses.

⁴ Administration for Children and Families (ACF), Children’s Bureau. Child Welfare Outcomes Report, Outcome 7: Placement of Young Children in Group Homes/Institutions (2022).

⁵ Annie E. Casey Foundation. KIDS COUNT Data Center; Adoption and Foster Care Analysis and Reporting System (AFCARS).

⁶ Arizona Department of Child Safety (DCS). Monthly Operational Outcomes Reports (2025).

⁷ Arizona Department of Child Safety (DCS). Semiannual Child Welfare Report, September 2025.

⁸ Children’s Action Alliance. Youth Listening Sessions on Foster Care and Congregate Care (2026).

⁹ Arizona Joint Legislative Budget Committee (JLBC). FY 2025 Appropriations Report; Arizona Department of Child Safety rate schedules (effective December 1, 2024).

¹⁰ Arizona Department of Child Safety (DCS). Public announcements and policy updates on foster care rate increases and placement initiatives (2024–2025).

¹¹ Family First Prevention Services Act (FFPSA), Pub. L. 115–123; federal implementation guidance.