

Arizona Department of Education

Performance Audit of the State's A–F letter grade system

School letter grade system developed by the Arizona Department of Education and approved by the Arizona State Board of Education obscures key performance differences between schools and does not include statutorily required information about the indicators that make up overall school letter grades, limiting its usefulness in providing public information about schools' achievement

Audit purpose

To evaluate the State's A–F school letter grade system to determine whether it effectively meets its statutory purpose to accurately reflect school performance in accordance with Arizona Revised Statutes (A.R.S.) §15-241.¹

Key findings

- ▶ The Department and State Board have developed a school letter grade system that does not clearly communicate school performance because it:
 - Awarded A or B letter grades to more than 77% of traditional K–8 and high schools State-wide in 2025, indicating they are excellent or highly performing, but some schools did not appear to meet the established criteria for these grades.
 - Enables most schools to earn the majority of points for grading indicators other than proficiency, making it possible for schools to attain a B letter grade indicating high performance even when very few students demonstrate proficiency.
 - Applies a growth indicator that potentially awards grading points to schools even when students may not demonstrate academic gains.
 - Uses grading cut points that have not been updated for several years and makes bonus points available to schools, potentially inflating schools' letter grades.
 - Includes 1 measure that relies on schools' self-reported data which was not validated prior to awarding letter grade points.

- ▶ The State Board, with Department assistance, has initiated a review of the State's A–F letter grade system to identify potential grading issues and conducted 6 study sessions between August 2025 and May 2026 focused on individual letter grade indicators.

¹ The Arizona Auditor General conducted this performance audit of the Department's A–F letter grade system pursuant to a October 7, 2025, resolution of the Joint Legislative Audit Committee and A.R.S. §41-2958.

- ▶ The Department and State Board did not comply with other statutory requirements, including:
 - An 8-year-old statute requiring letter grades for individual letter grade indicators, such as proficiency and growth, which has contributed to the lack of school performance information available to stakeholders and parents.
 - Open meeting laws governing Accountability Technical Advisory Committee (Committee) meetings held between mid-2018 and June 2023 where key recommendations relating to the letter grade system were made. Failure to ensure the Committee complied with open meeting laws further limited transparency about various facets of the school letter grade system and key decisions affecting it.

Key recommendations to the Department

- ▶ Revise the definitions of each letter grade to more accurately reflect what each letter grade represents in terms of school performance; evaluate the measurement scales and grading criteria for each indicator to determine what updates are needed to more accurately reflect school performance; review other state practices; make recommendations for revisions to the State Board; and validate schools' self-reported information that is used for letter grade purposes.
- ▶ Work with the Committee to develop methodologies and performance criteria for statutorily required individual letter grades and make recommendations to the State Board; implement approved letter grade methodologies and report required indicator letter grades; and in conjunction with the State Board, continue to ensure the Committee conducts its activities in accordance with the State's open meeting laws, as necessary.

Key recommendations to the State Board

- ▶ Act on any recommended letter grade system revisions; and review and update publicly available information about the letter grade system to ensure it is accurate, including grade definitions and the School Report Card website.
- ▶ Act on Department and Committee recommendations relating to individual indicator letter grades and continue to ensure the Committee complies with the State's open meeting laws.

Key recommendation to the Legislature

- ▶ Consider revising A.R.S. §15-241 to clarify responsibilities and/or expectations for the State's letter grade system to ensure the letter grade system is aligned with the State's school accountability goals.