

Performance Audit

Arizona Department of Education

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



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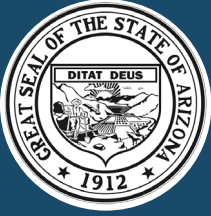
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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

June 19, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

The Honorable Tom Horne, State Superintendent of Public Instruction
Arizona Department of Education

Katherine Haley, President
Arizona State Board of Education

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Arizona Department of Education—State's A-F Letter Grade System*. This report is in response to an October 7, 2025, resolution of the Joint Legislative Audit Committee. The performance audit was conducted pursuant to Arizona Revised Statutes §41-2958, which requires the Joint Legislative Audit Committee to review the Arizona Department of Education (Department) every 10 years. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in their responses, the Department and the Arizona State Board of Education (State Board) agree with all the findings and plan to implement all the recommendations directed to them. My Office will follow up with the Department and the State Board in 6 months to assess their progress in implementing the recommendations. I express my appreciation to State Superintendent of Public Instruction Horne, State Board President Haley, and their respective staff for their cooperation and assistance throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

cc: Arizona State Board of Education members

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.

INTRODUCTION

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Performance audit of the Arizona Department of Education

- ▶ State laws require the Department to monitor schools' academic performance, including assigning each school a letter grade based on multiple academic performance indicators
- ▶ Statute specifies responsibilities for developing and implementing the State's letter grade system
- ▶ Statute specifies accountability provisions for schools assigned D and F letter grades and outlines related Department responsibilities for school accountability and improvement

FINDING 1

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School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools, limiting its usefulness in providing public information about schools' achievement

- ▶ Issue 1: State's letter grade system does not clearly communicate school performance to the public because it deems most schools as excellent or highly performing, including some that do not appear to meet this criteria
- ▶ Issue 2: Most schools earn the majority of available points for indicators other than proficiency, signaling that the indicators may not effectively differentiate schools' performance, and the growth measure can be misleading
- ▶ Issue 3: State Board's adopted letter grade cut points and availability of bonus points potentially inflate schools' letter grades by allowing schools to earn relatively few indicator points to attain each grade
- ▶ Issue 4: Department did not validate schools' self-reported information prior to awarding letter grade points, increasing the risk of awarding points to schools whose achievements do not warrant them
- ▶ State Board and Department have taken recent steps to address some of the letter grade system issues we identified, including working to develop statutorily required letter grades for individual grading indicators, which may help increase transparency about school performance

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Although statutorily required since 2018, Department and State Board have not issued letter grades for the indicators that make up overall school letter grades, and did not ensure the Committee complied with open meeting laws between 2018 and June 2023, limiting public transparency

- ▶ Issue 1: As of June 2026, the Department and State Board had not complied with an 8-year-old statute requiring letter grades for individual indicators
- ▶ Issue 2: Department failed to ensure the Committee complied with State open meeting laws for several years prior to July 2023
- ▶ By failing to comply with statutory requirements, the Department and State Board have deprived the public and stakeholders of critical school accountability information and opportunities to attend and/or participate in school accountability-related deliberations

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Recommendations to the State Board	29
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Department and State Board could consider other state and school accountability recommended practices to address letter grade system issues we identified

- ▶ Arizona’s individual indicator composition and relative model weights were similar to those in other states we reviewed

- ▶ Arizona’s letter grade system cut points were in the middle of the range among other states we reviewed and more traditional A–F cut points would substantially impact the State-wide letter grade distribution
- ▶ Arizona’s letter grade system was the only system that awarded bonus points among the states we reviewed, and removing bonus points would reduce the number of schools receiving A and B letter grades
- ▶ Other states have growth measures similar to Arizona’s, but some have mechanisms to help address SGP limitations and/or better ensure students are moving toward proficiency, which would reduce the number of Arizona schools receiving A letter grades

APPENDIX C

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DEPARTMENT RESPONSE

STATE BOARD RESPONSE

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Performance audit of the Arizona Department of Education

The Arizona Auditor General has completed a performance audit of the Arizona Department of Education (Department), pursuant to Arizona Revised Statutes (A.R.S.) §41-2958. This audit was conducted under the authority vested in the Auditor General by A.R.S. §41-1279.03. Our work determined whether the State’s A–F letter grade system (letter grade system), which the Department developed and the State Board of Education (State Board) adopted, was effective in meeting its statutory purpose to accurately reflect school performance in accordance with A.R.S. §15-241. The report also provides information about the impact of potential changes to the State’s school accountability grading model that may more clearly distinguish school performance.

State laws require the Department to monitor schools’ academic performance, including assigning each school a letter grade based on multiple academic performance indicators

Under Arizona’s school accountability system, the Department is required to annually publish school achievement profiles, which have been required to include A–F letter grades for each public school since 2011

Statute requires the Department to compile annual achievement profiles for all public schools, including public charter schools, that provide information about specific academic and educational performance measures and recommend the profiles for adoption by the State Board.¹ Upon adoption by the State Board, the achievement profiles are used to produce the school report cards the Department publishes each year on its website. Statute further requires the State Board to assign a letter grade to each school by November 1 each year that represents its overall performance.² Schools are graded on an A–F letter grading scale, with statute requiring an A letter grade to reflect excellent performance and an F letter grade to represent failing performance.³

Table 1, page 2, shows the breakdown of State-wide letter grades for the 2024–2025 school year, which were the most recent letter grades available at the time of the audit. For that year, about 92% of high schools and 75% of K–8 schools State-wide earned A or B letter grades, while less than 1% of high schools and less than 4% of K–8 schools received D or F letter grades.

¹ A.R.S. §15-241(A).

² A.R.S. §15-241(G).

³ Laws 2010, Ch. 247, §1, which went into effect August 31, 2011, added the statutory requirement for each school and school district to be assigned a letter grade reflecting their academic performance. Pursuant to these laws, an A letter grade reflected an excellent level of performance, a B letter grade reflected an above-average level of performance, a C letter grade reflected an average level of performance, a D letter grade reflected a below-average level of performance, and an F letter grade reflected a failing level of performance. Laws 2016, Ch. 226, §2, amended A.R.S. §15-241 to remove the statutory definitions of the B, C, and D letter grades and to expand the types of indicators required to be considered as part of each school’s and school district’s achievement profile. Specifically, in addition to measures related to academic achievement and student proficiency, Laws 2016, Ch. 226, §2, required school achievement profiles to include multiple measures of academic performance or other academically relevant indicators of school quality as determined by the State Board, and a measure of progress toward college and career readiness for all schools that offer instruction in any of grades 9–12.

Table 1**Most public schools were awarded A or B letter grades**

2024–2025 school year

Letter grade	Number of public district schools awarded each letter grade	Number of public charter schools awarded each letter grade	State-wide totals (Number and percent of schools awarded each letter grade)	
K–8 public schools				
A	358	111	469	35.1%
B	436	100	536	40.1%
C	230	52	282	21.1%
D	32	9	41	3.1%
F	4	5	9	<1.0%
Total	1,060	277	1,337	100.0%
Public high schools				
A	98	19	117	51.5%
B	83	10	93	41.0%
C	14	1	15	6.6%
D	1	0	1	<1.0%
F	0	1	1	<1.0%
Total	196	31	227	100.0%

Source: Auditor General staff review of Department's school letter grade data for 2025.

School accountability systems that include letter grades to assess performance are intended to provide several benefits

Arizona, like several other states, uses its letter grade system to help identify schools that exceed performance standards as well as failing schools whose students may require additional academic support. Proponents of letter grading systems favor them because they provide a readily understandable measure of overall performance, incentivize schools to make meaningful improvements to their instructional practices, increase transparency for stakeholders, and help parents choose schools.

The State Board has outlined several similar goals for the State’s letter grade system, which include:

- ▶ Empowering schools to achieve and increase student success by providing schools with feedback on areas where they excel and areas where they should focus on improving performance.
- ▶ Helping parents better understand what school is best for their child and empower them to make school choices.
- ▶ Identifying which schools need additional academic support and prioritizing resources accordingly.⁴

School letter grades often receive substantial public attention, and A and B letter grades are seen as a source of pride for schools and school districts. Highly rated schools may attract additional student enrollment as parents, with few restrictions, are allowed to choose which school their child will attend. In accordance with the State’s open-enrollment policies, students are not required to attend a school within their assigned district and may opt to enroll at a school that is outside their residential school district’s boundaries or a public charter school.

State Board is conducting a review of the multiple performance indicators that make up the A–F letter grade system to identify potential changes to the system and to develop statutorily required letter grading for individual performance measures

In developing the letter grade model, the Department and State Board incorporated a broad range of measures and methodological considerations that are outlined in statute. According to the State Board, the inclusion of multiple performance indicators and a reduced reliance on State-wide assessment results helps to ensure the school accountability system provides a more accurate quantitative measurement of student and school-wide achievement. Including multiple indicators also allows schools whose students perform below their grade levels to receive credit for effective performance in other areas, such as students’ growth toward academic proficiency. Information for each of these indicators can be found on school report cards, including the number of points earned for each indicator and the total number of indicator points used to calculate a school’s overall grade.

Since 2018, statute has also required a letter grade to be applied to each performance indicator, but the Department and State Board have not implemented this requirement, as further discussed in Finding 2, pages 27 through 29. Beginning in January 2024, the Department and a coalition of qualified technical and policy stakeholders, established as the Accountability Technical Advisory Committee (Committee), began discussions related to implementing individual indicator letter grades. However, the Committee identified issues with the current letter grade system’s indicators that made it impractical to implement indicator-specific letter grades without additional work, according to a letter presented to the State Board in January 2025. Subsequently, the State Board initiated a revision process that it indicates will result in a comprehensive review and revision of the A–F letter grade system, including establishing letter grading for individual performance

⁴ Statute requires schools with a D or F letter grade to develop a school improvement plan, which makes them eligible for various school improvement resources. Additionally, federal laws require states to establish a methodology for determining at least the lowest performing 5% of schools for additional federal support.

indicators in accordance with statute. Between August 2025 and May 2026, the State Board held 6 study sessions focused on the individual letter grade system indicators (see Appendix A, pages a-1 through a-11, for more information).

The State's letter grade system for traditional K–8 and high schools comprises 6 indicators, many of which are specified in statute, and schools earn points for how well they perform on each applicable indicator.⁵

The specific indicators include:

▶ **Proficiency**

Schools earn points for students scoring partially proficient or above on State English Language Arts (ELA) and math assessments, and a school's proficiency score increases as students reach higher proficiency levels.

▶ **English language learners**

Schools earn points based on the percentage of students reaching English proficiency compared to other schools State-wide.

▶ **Growth**

Schools earn points for students whose current-year achievement assessment score percentiles are higher than those of their academic peer group from the prior year. By measuring a student's performance against other students with similar past achievement, this indicator provides a means of recognizing relative academic progress even if students have not achieved proficiency. However, this indicator does not explicitly measure progress toward proficiency.⁶

▶ **Acceleration and readiness**

Schools offering instruction to students in grades K–8 earn points for improving outcomes in 3rd grade literacy, 8th grade math, attendance, test scores amongst student demographic groups, and inclusion of special education students in mainstream classes.

▶ **Graduation/graduation rate improvement**

Schools earn points for their graduation rate, and for making improvements in the graduation rate. Graduation rate points are awarded based on the number of students who complete graduation requirements within 4 to 7 years, with higher points awarded for 4-year completions. To earn full points for graduation rate improvement, schools must either increase their graduation rate by 2% from the prior year or achieve at least a 90% graduation rate.

⁵ Traditional schools refer to public district and charter schools that are not designated as alternative schools or Arizona Online Instruction schools. The term "public schools" as used throughout this report refers to traditional public schools.

⁶ Growth is measured by student growth percentiles (SGP), which establish a growth score for each student based on how they performed on current State assessments relative to their academic peers. Academic peers are the students who achieved similar scores on the prior year's proficiency assessments. An SGP of 1-33 is considered low growth, 34-66 is average growth, and 67-99 is high growth. See Appendix B, pages b-1 through b-11, for more information about the SGP.

► **College and career readiness (CCRI)**

Traditional and alternative schools that offer instruction to students in grades 9–12 earn points for graduating seniors who complete activities such as advanced placement (AP) testing, dual enrollment, the Free Application for Federal Student Aid (FAFSA), career and technical education (CTE) courses, and workplace certifications.

The letter grade models for traditional K–8 and high schools include some, but not all 6 indicators because of grade level differences. For instance, the acceleration and readiness indicator is only included in the letter grade model for K–8 schools, while the CCRI is only included in the letter grade model for high schools. Schools that serve a combination of K–8 and high school students, or hybrid schools, are graded using the indicators for both grading models with the overall school grade weighted to reflect the relative proportions of K–8 and high school students served. The State Board has also adopted letter grade models for alternative high schools and Arizona Online Instruction (AOI) schools with slight differences from the traditional school models. This performance audit focused on the letter grade systems for traditional K–8 and high schools because approximately 85% public schools in the State fall within these 2 categories. In addition to grade level differences in the indicators, the letter grade models weight indicators differently for purposes of calculating each school’s final letter grade. Table 2 shows the letter grade indicators for K–8 and high schools, respectively, as well as the relative weight assigned to each indicator.

Table 2

K–8 and high school letter grades are based on multiple indicators, including student proficiency, which makes up 30% of each schools’ letter grade

2025–2026 school year

Indicator	Traditional K–8 ¹	Traditional 9–12 ²
Proficiency	30%	30%
English language learners	10%	10%
Growth	50%	20%
Acceleration/readiness	10%	N/A
Graduation	N/A	20%
College and career readiness	N/A	20%
Total	100%	100%

¹ K–8 schools are those that serve kindergarten through grade 8 students, or any configuration of grades within that range such as K–5, 6–8, etc.

² Traditional 9–12 schools are those that serve grade 9–12 students, or any configuration of grades within that range such as 9–10, 10–12, etc.

Source: Auditor General staff review of Department’s A–F Business Rules omnibus document for the 2024–2025 school year.

In addition to the State-wide accountability system, which is the focus of this audit report, the Department separately administers a federal school accountability system in accordance with the federal Every Student Succeeds Act (ESSA).

The ESSA requires every state to evaluate all public schools using the following indicators:

- ▶ Academic achievement.
- ▶ Student growth.
- ▶ High school graduation rates.
- ▶ Progress on achieving English language proficiency.
- ▶ At least 1 measure that allows for meaningful differentiation in school performance or reveals differences in school quality by demonstrating a range of values on the measure and allows for state-wide comparison between all grades.⁷

Under the ESSA, states must identify schools in the bottom 5% of schools overall and all high schools with graduation rates below 67% for targeted support and improvement. The State-wide and federal accountability systems include similar measures of academic performance but weight these indicators differently. For instance, student proficiency on State-wide assessments makes up 60% of a school's performance under the federal accountability system, while the same measure constitutes about 30% of a school's score under the State's letter grade system. The federal accountability model places a greater focus on student proficiency on State-wide assessments to better evaluate the State's progress toward meeting its ESSA-required long-term goals, which include increasing student academic achievement and closing achievement gaps.⁸

Statute specifies responsibilities for developing and implementing the State's letter grade system

The State Board, the Department, and Committee each have statutory roles and responsibilities for developing and implementing the State's letter grade system, as further described in Table 3, page 7.

⁷ According to guidance issued by the U.S. Department of Education, measures that show no or little variation across schools do not provide useful information to help states identify meaningful differences in performance. U.S. Department of Education. (2017). *Accountability under Title I, Part A of the ESEA*. Retrieved 5/11/26 from <https://www.ed.gov/media/document/eseatitleiaccountabilityfaqspdf-106113.pdf>. The ESSA reauthorized the Elementary and Secondary Education Act (ESEA) and went into effect in January 2017.

⁸ Every Student Succeeds Act, Pub. L. No. 114-95, §6, 129 Stat. 1802, 1835 (2015).

Table 3

Department, State Board, and Committee have various letter grade system responsibilities

Entity	Statutory responsibility
Department	<ul style="list-style-type: none">▶ Determining the criteria for school classifications on each performance indicator in collaboration with the Committee.▶ Compiling annual public school achievement profiles for State Board approval and publishing this information on an educational dashboard.▶ Administering the Failing Schools Tutoring Fund to assist students in meeting academic standards.
State Board	<ul style="list-style-type: none">▶ Appointing a coalition of technical and policy stakeholders (Committee).▶ Providing final approval of the school accountability letter grade system, including performance indicators, expected standards of performance, and grading criteria.▶ Approving annual school achievement profiles for each school and school district, including overall grades and grades for individual performance indicators.▶ Establishing a grade appeals process.
Committee	<ul style="list-style-type: none">▶ Collaborating with the Department to develop a researched-based methodology for classifying performance on each achievement profile indicator.

Source: Auditor General staff review of A.R.S. §15-241 and the State Board's website.

The Committee and Department meet regularly to discuss and research letter grade system methodologies and make recommendations to the State Board for adoption. For example, as a result of letter grade-focused study sessions conducted by the State Board in 2025, the Committee voted in February and March 2026 to recommend the State Board revise the methodologies relating to the letter grade model's growth and proficiency performance indicators. However, we identified concerns relating to past failures by the Department and Committee to conduct these types of meetings publicly in accordance with the State's open meeting laws, as further discussed in Finding 2, pages 27 through 29.

Statute specifies accountability provisions for schools assigned D and F letter grades and outlines related Department responsibilities for school accountability and improvement

In addition to the responsibilities for developing and implementing the letter grade system, statute specifies certain accountability provisions for schools that are assigned D or F letter grades.

Specifically, pursuant to A.R.S. §15-241.02, governing boards overseeing schools with D or F letter grades are required to:

- ▶ Within 30 days of receiving notice that a school received a D or F letter grade, provide written notification of the letter grade to each residence within the attendance area of the school.
- ▶ Within 90 days of receiving notice of a D letter grade or within 60 days of receiving notice of an F letter grade, develop and/or revise a school improvement plan and submit the plan to the Superintendent of Public Instruction and the respective county educational service agency. Schools that do not submit improvement plans by the required deadline are not eligible to receive Classroom Site Fund monies.
- ▶ Within 30 days of providing the improvement plan to the Superintendent of Public Instruction and county educational service agency, hold a public meeting in each school that was assigned a D or F letter grade to present the improvement plan.
- ▶ Supervise the implementation of the improvement plan.

As previously shown in Table 1, page 2, a total of 50 K–8 schools and 2 high schools received D or F letter grades in 2025. For schools that receive D or F letter grades, statute establishes various Department responsibilities for promoting school accountability and improvement. For example, the Department is responsible for determining whether to recommend the State Board conduct a public hearing to address potential alternative operations plans for certain school districts with a large proportion of D- or F-graded schools, and for identifying potential alternative school district management. The Department is also tasked with assigning a solutions team, in coordination with county education service agencies, to underperforming schools based on academic need and available resources and reviewing the team's findings and resulting improvement plan changes. Additionally, the Department must visit schools that have been assigned D letter grades for 3 consecutive years and review their school improvement plans. It is also responsible for publishing a newspaper listing of schools with F letter grades twice per year and publishing criteria for a school's or school district's exit status from requirements imposed on schools with F letter grades.

Based on information the Department provided, it has been working with the schools that received D or F letter grades in 2025 to provide training related to the letter grade system, improvement plan expectations, funding opportunities, and exit criteria. We also selected a sample of 5 schools that were required to submit improvement plans to the Department and found that each of these schools had submitted improvement plans as of June 2026.⁹

⁹ We reviewed improvement plans for the 2 high schools that received a D or F letter grade in school year 2024–2025 and for a random sample of 3 of 50 K–8 schools that received a D or F letter grade in school year 2024–2025.

School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools, limiting its usefulness in providing public information about schools' achievement

In accordance with statute, the State's letter grade system provides a single overall A–F letter grade each year for every public school in the State.¹ These letter grades are intended to recognize excellent and failing levels of public-school performance, as required by statute. According to the State Board, the current letter grade system was developed to balance multiple measures of school quality, in accordance with statute, and to provide an opportunity for all schools to earn an A letter grade. State Board officials reported during the audit that the letter grade system is generally meeting the requirements set forth in statute.

However, we identified several issues with the letter grade system for public K–8 and high schools that impact stakeholders' abilities to understand what a school's letter grade means and use the letter grades to select schools under the State's school choice provisions. The issues we identified also limit the State Board's and Department's ability to target and provide necessary support to schools whose students are not demonstrating sufficient academic progress.² These issues are further described below.

Issue 1: State's letter grade system does not clearly communicate school performance to the public because it deems most schools as excellent or highly performing, including some that do not appear to meet this criteria

More than 77% of Arizona public schools, including about 92% of public high schools, received A or B letter grades for the 2024–2025 school year even though most students, on average, could not demonstrate proficiency on State assessments

The Department and State Board have established definitions for A, B, and C letter grades indicating the performance expectations for schools to receive each grade but does not appear to award letter grades in accordance with its established definitions (see textbox, page 10). In 2025, about 92% of public high schools and 75% of K–8 schools received A or B letter grades, indicating that these schools are excellent or highly performing. Although we did not include hybrid schools in this report's analyses, we found similar results among the 136 hybrid schools in the State that received letter grades in 2025, with 76% receiving A or B letter grades (see Introduction, page 5, for more information about hybrid schools).

¹ A.R.S. §15-241.

² This performance audit focused on the letter grade models for public K–8 and high schools. We did not evaluate the State's letter grade system for alternative high schools.

State Board-approved definitions of A-, B-, and C-rated schools

A (excellent)

Distinguished performance on the State-wide assessment, significant student growth, high 4-year graduation rates, students on track to proficiency; overall performance is significantly higher than State average.

B (highly performing)

High performance on State-wide assessment and/or significant student growth and/or higher 4-year graduation rates and/or moving students to proficiency at a higher rate than the State average.

C (performing)

Adequate performance but needs improvement on some indicators, such as proficiency, growth, or graduation rate.

Source: Auditor General staff review of the State Board's Frequently Asked Questions document for the State-wide letter grade system.

However, we found that some schools in the State received A letter grades despite having overall academic performance that did not appear to be significantly higher than State average, as specified in the State Board-approved definition. For instance, among the 117 high schools that received an A letter grade in 2025, which is about 51% of public high schools State-wide, the percentage of students proficient in math ranged from 9.6% to 97.4%. Among the same schools, the percentage of students proficient in ELA ranged from 8.6% to 98.3%. The State Board-approved definition for A-graded schools indicates those schools have demonstrated “Distinguished performance on the statewide assessment,” which does not appear to be the case for schools where only about 1 in 10 students are proficient in math and ELA.

Less than 10% of students at some A-rated high schools, defined as excellent, demonstrated proficiency on math and ELA assessments.

Because of the substantial variation in student proficiency among high schools with A letter grades, we looked more closely at whether A-rated schools consistently demonstrated the characteristics defined by the State Board, including whether their performance was “significantly higher than State average.” We found that many A-rated high schools did not appear to meet this standard. To illustrate, we present information from 2 high school report cards, including the reported indicators, awarded points, and a description of related data. One of these schools appears more likely to have met the State Board’s definition of what an A letter grade represents than the other, but both schools were awarded A letter grades in 2025.

Table 4

Comparison of school report card data for 2 A-rated public high schools

School year 2024–2025

Indicator	High school 1		High school 2		Additional context
	Points	School details	Points	School details	
Proficiency	13.99 out of 30	<p>Test scores are substantially below the State average.</p> <p>Percentage of students who tested as proficient:</p> <ul style="list-style-type: none"> • ELA: 29%. • Math: 17%. 	29.47 out of 30	<p>Test scores are substantially above the State average.</p> <p>Percentage of students who tested as proficient:</p> <ul style="list-style-type: none"> • ELA: 77%. • Math: 67%. 	<p>Percentage of students who tested as proficient, State-wide:</p> <ul style="list-style-type: none"> • ELA: 40%. • Math: 33%.
Growth	19.61 out of 20	<p>School received 14.95 growth points in 2023, 20 growth points in 2024, and 19.61 growth points in 2025.</p> <p>Between 2023 and 2025 proficiency rates for both ELA and math declined:</p> <ul style="list-style-type: none"> • ELA: 31%–29%. • Math: 24%–17%. 	19.67 out of 20	<p>School received 13.06 growth points in 2023, 20 growth points in 2024, and 19.67 growth points in 2025.</p> <p>Between 2023 and 2025 proficiency rates increased for ELA and remained the same for math:</p> <ul style="list-style-type: none"> • ELA: 75%–77%. • Math: 67%–67%. 	<p>As further discussed below, the State’s letter grade system does not award growth points based on a student’s progress toward proficiency, but on whether they outscore their academic peer group—those students whose scores were similar to theirs—from the prior year. Thus, as the growth measure is currently implemented, a school could still earn growth points even if students made no proficiency gains on State-wide assessments.</p>
English learners’ growth and proficiency	10 out of 10	<ul style="list-style-type: none"> • Number of English learners: 211. • Percentage of English learners tested as proficient: 17%. • Percentage of English learners demonstrating growth: 47%. 	10 out of 10	<ul style="list-style-type: none"> • Number of English learners: 24. • Percentage of English learners tested as proficient: 46%. • Percentage of English learners demonstrating growth: 67% 	<p>Students achieve proficiency by reaching certain benchmarks on the Arizona English Language Learner Assessment (AZELLA). Schools whose students exceed State-wide averages for English language proficiency and/or growth receive 5 points for each of those measures. The State-wide average for students testing proficient on the AZELLA in 2025 was 12%, and the percentage of students achieving growth was 43%.</p>

Table 4 continued

Indicator	High school 1		High school 2		Additional context
	Points	School details	Points	School details	
Graduation rate	10 out of 10	4-year graduation rate was 83%.	10 out of 10	4-year graduation rate was 95%.	The formula for calculating graduation rate points gives credit for students who earn diplomas within 4 to 7 years, with the most weight given to those who finish high school in 4 years. The number of points is capped at 10.
Graduation rate improvement	5 out of 10	The school's 4-year graduation rate improved each year between 2022 and 2025, but not by a sufficient amount to receive full points. At 83% it remained below the high of 88% the school report card reported for 2018.	10 out of 10	Between 2018 and 2025, the school's 4-year graduation rate was between 92% and 97%.	To receive full points for graduation rate improvement, schools can maintain a graduation rate of 90% or above, or demonstrate at least a 2 percentage point improvement compared to the prior year.
College or career readiness	17.5 out of 20	Compared to State averages, students from this school are less likely to enroll in postsecondary education and to be successful in college. Information from the Arizona Board of Regents shows that, compared to State-wide averages, students from this school are less likely to enroll in college, and those who do enroll are less likely to complete a 2- or 4-year degree. On average, they are also less likely to achieve passing scores in college math and English courses and they have lower than average overall first-semester GPAs.	20 out of 20	Compared to State averages, students from this school are more likely to enroll in postsecondary education and to be successful in college. Information from the Arizona Board of Regents shows that, compared to State-wide averages, a higher percentage of students from this school enroll in college and are more likely to complete a 2-or 4-year degree. On average, they are also more likely to pass college math and English courses and to have higher than average overall first-semester GPAs.	Schools self-report this data, which includes seniors' completion of programs, assessments, or activities shown to predict success after high school. This element is afforded a substantial number of points in the formula, but little or no validation is conducted on this data.
Subtotal points	76.1 out of 100	—	99.14 out of 100	—	—

Table 4 continued

Indicator	High school 1		High school 2		Additional context
	Points	School details	Points	School details	
Bonus points	6 out of 9	—	5.5 out of 9	—	High schools can earn bonus points if they have high special education enrollment, high participation in the ACT Aspire examination for 9th grade students, and/or high post-secondary and military enrollment. School report cards indicate 6 bonus points are available, but the State Board has approved allowing high schools to earn up to 9 bonus points.
Total points	82.1 out of 109	—	104.64 out of 109	—	—
Letter grade earned	A	—	A	—	The cut point for an A letter grade is 82. High school 1 would not have received an A letter grade without bonus points.

Source: Auditor General staff review of school report cards for 2 A-rated high schools, Department documentation related to the State's letter grade system, and information from the Arizona Board of Regents.

We observed similar concerns with K–8 schools that did not appear to meet State Board-approved definitions for the letter grades they were awarded. For instance, we reviewed school report cards for 2 elementary schools that were awarded A letter grades in 2025. One of the 2 schools had ELA and math proficiency rates of 30% and 23%, respectively. The other school had ELA and math proficiency rates of 76% and 75%, respectively, which was substantially above the State-wide average. Because the model considers factors other than proficiency, as required by statute, both schools were able to earn A letter grades.

However, as previously discussed, the State Board-approved definition for A and B letter grades indicates those schools have demonstrated distinguished or high performance on the State-wide assessments, which does not appear to be the case for many schools. Specifically, proficiency scores for 55% of high schools with A and B grades were below the State-wide average for math and 50% were below the State-wide average for ELA. Similarly, math and ELA proficiency scores for approximately 45% of K–8 schools with A and B letter grades were below the State-wide averages. Additionally, 48 K–8 schools with A and B letter grades in 2025 were targeted for the federal school accountability system’s highest levels of intervention, which are intended to increase student academic achievement and close achievement gaps.³

Our review of State Board meetings and study sessions found that some State Board members have expressed similar concerns in public meetings about the discrepancy between what each letter grade represents and what the public broadly understands them to represent. For instance, in the State Board’s August 2025 study session, 3 State Board members expressed concerns that the current letter grade system does not clearly communicate information about school quality to the public, especially as it pertains to the performance on the individual indicators, and that the public may misunderstand what schools’ performance on the letter grade system indicators means.

During the audit, the State Board addressed the discrepancy we identified between the established letter grade descriptors and schools that received letter grades for which they did not appear to qualify. State Board officials indicated that the letter grade system is designed to reflect performance across multiple measures and the definitions’ references to the “average” is not referring to the statistical average. Accordingly, State Board officials indicated that standard expectations about how many schools could or should be above the State-wide average do not apply. Instead, State Board officials contended that the models’ cut points, or the required number of points schools must earn for each letter grade, establish the performance scale, and based on the cut points, it is plausible for a high proportion of schools or even all high schools to be identified as “substantially above average.”

However, the explanation the State Board provided to us does not appear to be publicly available to stakeholders who likely rely on the common understanding of “average” to interpret school letter grades. As a result, the A and B letter grades issued to some schools appear to contradict the State Board’s public letter grade definitions denoting them as excellent or highly performing. According to the State Board, it plans to revise its definitions to ensure that information available to the public is accurate, transparent, and aligned with how the system operates in practice.

³ These 48 K–8 schools had a federal improvement status of more rigorous options (MRO) and/or comprehensive school improvement (CSI) based on students or specific subgroups of students underperforming State-wide targets for student achievement. According to Department documentation we reviewed, schools that do not exit CSI status after 3 years will be elevated to MRO improvement status.

Less than 4% of public schools received D or F letter grades in 2025, limiting the number of schools subject to State-mandated performance improvement measures

To further evaluate whether the grades issued to schools likely met the State Board-approved letter grade definitions, we considered the schools receiving D or F letter grades in 2025. We found that fewer than 4% of public schools State-wide, or 52 of 1,564, received a D or F letter grade, meaning that nearly all schools were considered to be performing adequately or better according to the State Board's definitions.

The limited number of schools with D or F letter grades also meant that few schools were subject to enhanced accountability requirements and improvement provisions established in State law. For instance, statute requires these schools to develop, publicly share, and implement a school improvement plan.⁴ Although State Board officials indicated during the audit that the State currently identifies more schools for improvement than can be fully supported with available federal and State funding, we found that many of the statutory accountability provisions do not require extra funding to implement. Additionally, many of these provisions would enhance public transparency about the steps schools are taking to address academic performance concerns and improve students' progress toward proficiency.

Compared to other states we reviewed with letter grade or similar accountability systems, Arizona awards substantially more A and B school letter grades while its students perform about the same or worse on national assessments

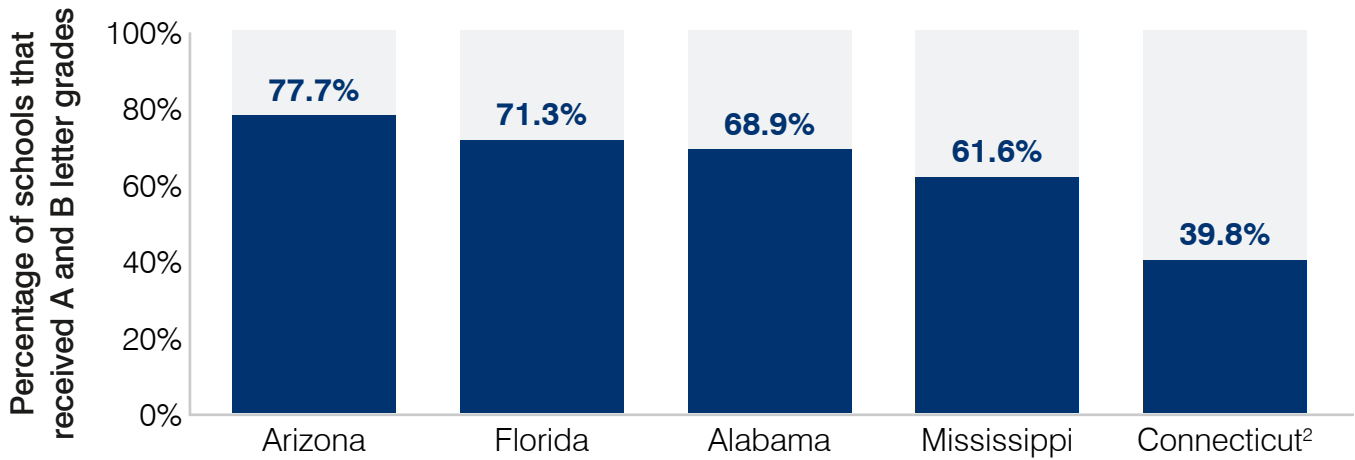
Our evaluation of 5 other states' letter grade or similar school accountability systems to assess similarities and differences with Arizona's system found that Arizona awarded the highest proportion of A and B letter grades among the states we reviewed.⁵ See Appendix B, pages b-1 through b-11, for more information about our other state work. Specifically, as shown in Figure 1, page 16, Arizona awarded A and B letter grades to nearly 78% of public schools for the 2024–2025 school year, while other states we reviewed ranged from a low of approximately 40% in Connecticut to a high of 71.3% in Florida. Although the differences in the proportion of schools earning top grades are likely partly attributable to modeling and indicator differences between states, awarding top grades to such a substantial portion of public schools indicates that the letter grade system may not be effective in identifying and/or communicating meaningful differences in schools' performance.

⁴ A.R.S. §§15-241.02(A) and (G).

⁵ The 5 other states we reviewed were Alabama, Connecticut, Florida, Mississippi, and Utah.

Figure 1

Arizona’s school letter grade system awarded A and B letter grades to a higher proportion of schools than the other states we reviewed¹



¹ Utah is not included in Figure 1 because it does not provide schools with a letter grade or comparable rating.

² Connecticut does not assign A–F letter grades to schools but uses a similar 5-category school accountability framework where schools are assigned to a category reflecting their overall level of performance based on their performance on multiple indicators.

Source: Auditor General staff review of Department and other states’ school letter grade data for the 2024–2025 school year for traditional K–8 and high schools.

To better understand how student achievement differed among these same states, we reviewed National Assessment of Education Progress (NAEP) data issued by the federal National Center for Education Statistics for 2024, the most recent year available.⁶ NAEP’s standardized math and reading assessments provide a means for comparing student academic performance across states. Our review of NAEP data found that Arizona grade 8 students generally performed about the same as national averages, with 26% demonstrating NAEP proficiency in math and 25% demonstrating NAEP proficiency in reading.

Relative to the other states we reviewed, Arizona had the largest proportion of schools in the highest 2 grading categories, but its grade 8 students performed about the same or worse on NAEP assessments, suggesting that higher school letter grades do not necessarily equate to higher student proficiency. For example, Connecticut awarded the lowest proportion of top grades to schools among the states we reviewed, but its grade 8 students’ NAEP math and reading assessment scores were significantly higher than national NAEP averages and, compared to Arizona, were 7 percentage points higher for math and 6 percentage points higher for reading.

The State Board indicated that it did not view Connecticut as comparable to Arizona because Connecticut does not specifically use an A–F grading scale and spends substantially more per student than Arizona. However, Connecticut’s school accountability system assigns each

⁶ The NAEP, commonly referred to as the “Nation’s report card,” is a common measure of student achievement among all 50 states that assesses student achievement in the K–12 education system. The NAEP sets 3 achievement levels of NAEP basic, NAEP proficient, and NAEP advanced. According to the NAEP, students performing at or above the proficient level on NAEP assessments demonstrate solid academic performance and competency over challenging subject matter. NAEP further notes that NAEP proficient achievement does not represent grade-level proficiency as determined by State assessments. For additional information about NAEP, see <https://nces.ed.gov/nationsreportcard/>

school to 1 of 5 categories reflecting the school's overall level of performance based on multiple performance indicators, making it similar in structure to an A–F letter grade system. Additionally, although higher per student spending could contribute to increased student proficiency, per student spending is not considered by either state's school accountability system. The State Board indicated that it viewed Florida, which had the second highest proportion of schools that received A and B letter grades among the states we reviewed, as a better comparison. Florida's per student spending and its grade 8 students' NAEP math and reading assessment scores were similar to Arizona's.

Issue 2: Most schools earn the majority of available points for indicators other than proficiency, signaling that the indicators may not effectively differentiate schools' performance, and the growth measure can be misleading

Most schools earn at least 80% of available points on letter grade system indicators other than proficiency, which makes it possible to achieve A and B letter grades with low proficiency

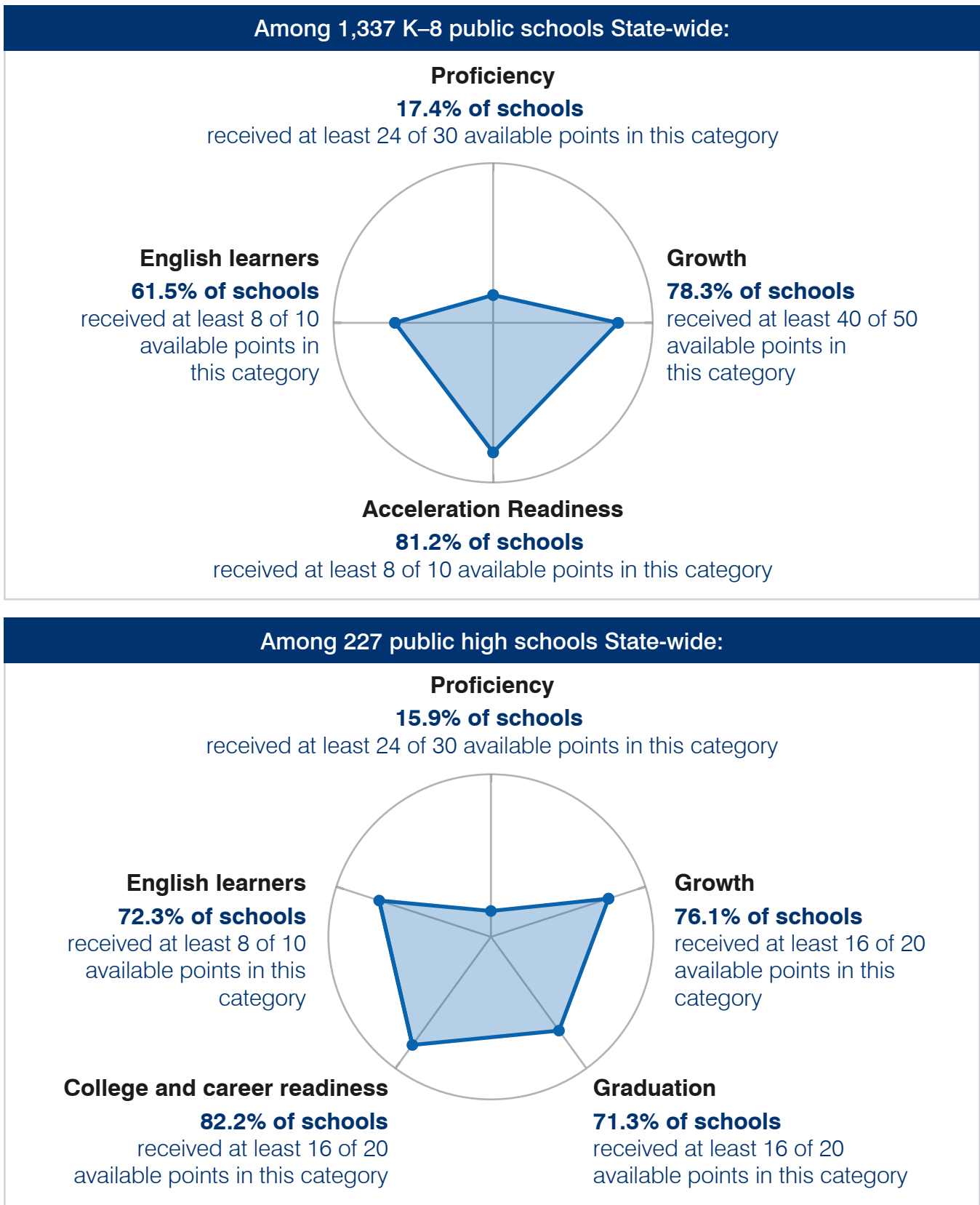
School letter grades are based on several indicators in accordance with statute, and each indicator is assigned a weight for its impact on schools' final letter grades (see Introduction, Table 2, page 5, for more information about each indicator's weight). In total, schools may earn up to 100 points, not including bonus points, and the total number of points determines each school's letter grade (see Issue 3, page 20, for more information about bonus points). However, our review found that with the exception of proficiency, most schools earned at least 80% of the possible points for the other letter grade system indicators, signaling that adjustments may be necessary to better measure, identify, and publicly communicate differences in performance between schools.

Figure 2, page 18, represents the indicators that comprise the letter grades for public K–8 and high schools, respectively, and show the proportion of points associated with each of these indicators that schools collectively earned in 2025. As shown in the figure, most schools earned more than 80% of the available points associated with all the letter grade system indicators except for proficiency—growth, graduation rate and graduation rate improvement, college and career readiness, English language learner proficiency/growth, and/or graduation or acceleration readiness, as applicable. These indicators collectively account for 70% of the total points available for both K–8 and high school letter grades. For growth specifically, which accounts for 50% and 20% of the K–8 and high school models, respectively, more than three-quarters of schools State-wide earned 80% or more of the total growth points available. As such, schools with few students demonstrating proficiency may achieve A or B letter grades, which may be contrary to the public's understanding of what A and B letter grades represent.

Most of the State's letter grade system indicators provide little useful information about differences in schools' performance.

Figure 2

Most schools earned 80% or more of available points on indicators other than proficiency in 2025



Source: Auditor General staff review of Department school letter grade data for the 2024–2025 school year for traditional K–8 and 9–12 schools.

As indicated in the Introduction, page 6, guidance from the U.S. Department of Education indicates that when measures show no or little variation across schools, they do not provide useful information to help states identify and address meaningful differences in schools' performance. Because most schools earn the majority of the points associated with these indicators, it appears the indicators may not be calibrated to identify substantial performance differences between schools and assign points accordingly. The Department indicated that these calibration issues largely reflect changes over time, such as differences in assessments and a 2-year suspension of letter grades during the COVID-19 pandemic.

A May 2025 analysis conducted by the Department identified similar issues with the letter grade system's indicators. For instance, the Department's analysis identified a similar concern of most schools earning most available growth points in most years. The Department's analysis recommended adopting a continuous, unweighted growth calculation to address the concerns it identified. The Department's analysis also models 3 alternative growth measures and indicates "...these continuous growth measures avoid the extreme clustering found in the current approach and provide a more balanced indicator." As of May 2026, the Committee recommended the State Board adopt a new growth measure that the Department indicates is more highly correlated with changes in student proficiency. As of June 2026, the State Board had not yet taken action on the Committee's recommendation.

Letter grade system's growth indicator can be misleading because it does not directly measure students' progress toward proficiency

The growth indicator in particular has contributed to many schools receiving top grades despite having students who struggle to demonstrate proficiency. This is, in part, because as it is currently implemented, the growth measure potentially awards points to schools even when students do not make progress toward proficiency. Students are not all equally prepared to succeed in school, and growth measures can provide a meaningful measure of schools' efforts to help all students make academic progress, even if students are not yet able to demonstrate proficiency. For example, students whose scores move from minimally proficient to partially proficient from 1 year to the next have demonstrated growth even though they may not yet be proficient. According to school accountability recommended practices, growth measures can provide a fairer representation of a school's quality and its impact on students and should focus on whether students are making progress toward meeting grade-level standards.⁷ The growth measure accounts for 50% of the total points available for K–8 schools, and 20% of the total points available for high schools.

Steady academic growth would be expected to lead to increased proficiency over time. For instance, schools that earn top growth scores should show proficiency gains in the years after the student growth had occurred. However, for several years the State's letter grade system has awarded nearly all schools

Consistently high growth indicator scores did not result in State-wide increases to student ELA and math proficiency between 2022 and 2025.

⁷ Munyan-Penney, N., Jones, A., & Levitan, S. (2024). Reassessing ESSA implementation—An equity analysis of school accountability systems. *Edtrust*. Retrieved 1/8/2026 from <https://edtrust.org/rti/reassessing-essa-implementation-an-equity-analysis/#key>; Sun, M., Kennedy, A. I., & Anderson, E. M. (2020). The multidimensionality of school performance—Using multiple measures for school accountability and improvement. *Education Policy Analysis Archives*, 28(89). <https://doi.org/10.14507/epaa.28.4689>

the majority of growth points available, but students' math and ELA proficiency rates State-wide have remained stagnant.

The current growth measure awards points for each student based on their assessment scores relative to their academic peers, specifically those students who scored similarly on the same assessment in the prior year. The measure provides the greatest number of points for minimally proficient students who demonstrate relative progress, and the total number of student-generated growth points a school can earn is capped. In the State Board's August 2025 study session, Department staff presented information about the letter grade system's growth indicator and its limitations. Department staff indicated that the growth indicator, as measured by the SGP, was generally performing well and measuring actual academic gains made by students. Department staff also acknowledged the SGP's disadvantages and limitations, such as the possibility the measure could award growth points to schools whose students have not made academic gains.

We evaluated the relationship between growth points awarded to schools and the percentage of students State-wide who met grade-level proficiency from 2022 to 2025. We found that although schools State-wide earned an average of 80% or more growth points in each year except for 2023, State-wide average proficiency scores have not improved in recent years.⁸ For instance, among all students State-wide who tested in 2022, 40% demonstrated proficiency in ELA and 33% tested proficient in math, which was identical to the State-wide testing results for 2025.

Issue 3: State Board's adopted letter grade cut points and availability of bonus points potentially inflate schools' letter grades by allowing schools to earn relatively few indicator points to attain each grade

Letter grade system requires schools to earn as few as 65% of available points to achieve a B letter grade indicating high performance, and letter grade cut points have not been updated for several years

The State's letter grade system not only awards most schools nearly all the points for some indicators, it also requires relatively few total points for schools to earn the State's highest letter grades. As shown in Table 5, page 21, a public high school would need to earn at least 82 of 100 points to earn an A letter grade and 65 of 100 points to receive a B letter grade. Similarly, a public K–8 school would need to earn at least 84 of 100 points for an A and 72 of 100 points for a B, respectively. Among other states we reviewed, Florida's letter grade system required the lowest portion of points to achieve an A grade (65%) and Alabama's system required the highest proportion (90%). Florida and Alabama also required the least and greatest proportion of points when awarding A grades to K–8 schools—62% and 90%, respectively.

⁸ For the 2022-2023 school year, the State Board adopted a different growth measure based on subgroup improvement on proficiency, graduation rate, and dropout rate, because the change in the State-wide assessment for high schoolers made it such that the SGP could not be calculated.

Table 5**State Board-approved letter grade cut points require schools to earn as few as 65 of 100 points, or 65% of total indicator points available, to earn a B grade**

Letter grade model	Model cut points				
	A	B	C	D	F
K–8	100 – 84%	83.99 – 72%	71.99 – 60%	59.99 – 47%	46.99 – 0%
9–12	100 – 82%	81.99 – 65%	64.99 – 48%	47.99 – 31%	30.99 – 0%

Source: Auditor General staff review of the Department’s A–F Business Rules omnibus document for the 2024–2025 school year.

The Board approved the Committee-recommended cut points that are currently in use in 2018 and 2022 for K–8 and high schools, respectively. Each year since then, the Committee has recommended maintaining the same cut points, and the State Board has voted to adopt the Committee’s recommendation every year. State Board discussions regarding cut points that we reviewed focused on the importance of maintaining year-to-year consistency. In contrast to the State’s focus on consistency, we found that at least 1 other state we reviewed has taken a different approach to setting cut points. Specifically, Mississippi has statutory criteria for adjusting letter grade cut points to raise performance standards depending on the percentage of students achieving proficiency and/or the percentage of schools earning B letter grades.

We found that only 1 other state we reviewed, Alabama, relied on more traditional A–F cut points for its letter grade system where schools are required to earn 90% or more of available points for an A, between 80% and 90% of points for a B, and so on. Most other states we reviewed used cut points similar to Arizona’s. Additionally, as further discussed in Appendix B, pages b-1 through b-11, we did not identify any school accountability recommended practices indicating that school letter grade systems should adopt traditional A–F cut points. Instead, recommended practices indicate that letter grade cut points should be set such that they are both challenging and attainable while still meaningfully differentiating schools’ performance.

However, recommended practices indicate that traditional A–F letter grades provide for increased transparency because they are familiar to parents, students, and other stakeholders. Since parents and stakeholders are likely familiar with the traditional A–F cut points and may believe the State’s letter grade system uses these cut points to assign letter grades to schools, we evaluated how the proportion of schools with A and B letter grades would change if the State Board were to adopt traditional A–F cut points. As shown in Table 6, page 22, we found that about 50% of schools would receive A or B letter grades under this scenario, which is about a 28 percentage point decrease from the number of A and B letter grades awarded under the current State Board-approved cut points. See Appendix B, pages b-1 through b-11, for additional analysis we conducted to assess the impact of changed cut points on the State-wide distribution of letter grades.

Table 6**Adjusting cut points to more traditional A–F grading scales would reduce the number of Arizona schools with A and B letter grades**

2024–2025 school year

Letter grade	Number of public schools receiving each letter grade in 2025		Number of schools that would receive each letter grade with adjusted cut points		Change
	Count	Percent	Count	Percent	Count
A	586	37.4%	308	19.7%	- 278
B	629	40.2%	471	30.1%	- 158
C	297	19.0%	489	31.3%	+192
D	42	2.7%	237	15.2%	+195
F	10	<1.0%	59	3.7%	+49
Total	1,564	100.0%	1,564	100.0%	N/A

Source: Auditor General staff analysis of Department-provided school-level data for school year 2024–2025 letter grades.

Letter grade system awards bonus points to schools making it easier for schools to attain grades for which they may not otherwise qualify

By making bonus points available to schools, the letter grade model for public K–8 and high schools further minimizes the number of indicator points needed to attain each letter grade. High schools can receive up to 9 bonus points for factors such as high special education enrollment, high 9th grade participation in the ACT Aspire examination, high postsecondary and military enrollment, and/or student achievement on the State’s science assessment. With the addition of these bonus points, a high school could earn an A with as few as 73 of 100 indicator points or a B with as few as 56 of 100 indicator points. Although the State’s letter grade cut points are similar to those in most of the other states we reviewed, none of the other states award bonus points to further boost school letter grades (see Appendix B, pages b-1 through b-11).

We found that without bonus points, 149 fewer public schools State-wide would have received an A letter grade in 2025, and the number of schools that received B or C letter grades would have increased by 61 and 65, respectively. As shown in Table 7, page 23, the availability of

bonus points primarily affects the number of schools receiving A, B, or C letter grades and does not substantially impact the number of schools with D and F letter grades. Some State Board and Committee members we spoke with during the audit also expressed concern about awarding bonus points to schools and the bonus points’ impact on achieving high letter grades.

Bonus points boosted the grades of 66 high schools to an A or B.

Table 7**Eliminating bonus points would result in fewer schools receiving A letter grades**

2024–2025 school year

Letter grade	Number of schools receiving each letter grade in 2025		Number of schools that would receive each letter grade without bonus points		Change
	Count	Percent	Count	Percent	Count
A	586	37.4%	437	27.9%	- 149
B	629	40.2%	690	44.1%	+ 61
C	297	19.0%	362	23.1%	+ 65
D	42	2.7%	64	4.0%	+ 22
F	10	<1.0%	11	<1.0%	+ 1

Source: Auditor General staff analysis of Department-provided school-level data for 2025 letter grades.

Finally, publicly available documentation from the Department and the State Board is inconsistent about the number of bonus points available to public high schools. For instance, the State’s report card website indicates up to 6 bonus points being available for high schools based on special education enrollment, high participation in the ACT Aspire, and high postsecondary and military enrollment. However, the Department’s business rules documenting the letter grade model for the 2024–2025 school year indicate that up to 9 bonus points are available to high schools based on the previously stated factors and student proficiency on the State’s science assessment. In practice, we found that the model had allowed up to 9 bonus points to high schools in calculating the 2025 letter grades.

Issue 4: Department did not validate schools’ self-reported information prior to awarding letter grade points, increasing the risk of awarding points to schools whose achievements do not warrant them

One indicator considered as part of the overall letter grade for public high schools, the CCRI, is based on schools’ self-reported information, but the Department did not validate this information before using it to calculate schools’ letter grades in 2024 and 2025. The CCRI awards up to 20 points to high schools based on factors such as AP testing, dual enrollment, FAFSA completion, and CTE course completion. Schools self-report information about these metrics to the Department and are awarded points based on the self-reported information. Although the Department indicated it had a process to validate this data, it reported that it did not follow its process due to staffing issues and turnover.

During the audit, we worked with 1 high school to better understand how schools collect and report this information to the Department. The Department provides CCRI guidance to schools, and the school we reviewed appeared to have robust procedures for collecting, validating,

and accurately reporting its CCRI information to the Department. For instance, the school had developed an automated data-collection spreadsheet through its information technology department that automatically collected relevant information from the student information system. The school had also implemented site-level and District-level review processes to ensure the information was complete and accurate prior to reporting it to the Department. However, the Department has no assurance that all schools have similarly robust processes for collecting, validating, and reporting CCRI information. By not validating schools' self-reported information, the Department the risk of awarding letter grade points to schools whose achievements did not warrant them.

Department has not ensured that school-reported college and career readiness data used for letter grade determinations is accurate.

State Board and Department have taken recent steps to address some of the letter grade system issues we identified, including working to develop statutorily required letter grades for individual grading indicators, which may help increase transparency about school performance

State Board officials disagreed that some of the issues discussed in this finding were problems that required action to address, such as the high proportion of schools receiving A and B letter grades and the apparent discrepancy between its publicly available definitions for each letter grade and actual school performance. Further, the State Board indicated that it took action to address issues with the letter grade system as it became aware of them, such as when the Committee brought concerns to its attention as it was working to develop and implement indicator-specific letter grades, which have been statutorily required since 2018 (see Finding 2, pages 27 through 29, for more information about the Department's and State Board's failure to implement the statutorily required indicator letter grades). The Department indicated the State Board was ultimately responsible for adopting changes to the letter grade system, and it did not have the ability to address these issues without the State Board's involvement.

In October 2024, the Department and State Board began taking steps to address some of the issues discussed in this finding. For instance, since August 2025, the State Board has conducted a series of study sessions related to each letter grade system indicator to determine what changes, if any, are necessary to more accurately reflect school performance and prepare the letter grade system for indicator-specific letter grade scoring. The study sessions have resulted in the State Board voting to approve some changes to the letter grade models. For instance, in March 2026 the State Board adopted the Committee's recommendation to develop a methodology for setting cut points for the growth and proficiency indicators and a mechanism to adjust these cut points over time. However, the State Board and Department have not taken action to address all the issues discussed in this finding. Doing so will help ensure the letter grade system meaningfully and accurately measures school performance and provides parents with information necessary to inform their decisions about where to send their children to school.

Finally, as discussed in the Introduction, changes to State laws in 2016 amended A.R.S. §15-241 to remove the statutory definitions of the B, C, and D letter grades in effect prior to that time, and to expand the types of indicators required to be considered as part of each school's and school

district's achievement profile. By doing so, policymakers provided substantial discretion to the Committee, Department, and State Board to design and adopt a letter grade system to meet the State's school accountability needs. However, based on our review, the letter grade system as currently implemented may not be meeting the State's need for detailed information about school performance. As discussed in Finding 2, pages 27 through 29, the Department and State Board's failure to develop statutorily required letter grades for each indicator has contributed to the lack of school performance information available to stakeholders and parents. However, additional changes to State laws may be required if the overall letter grade system is producing results contrary to legislative intent. Accordingly, the Legislature should consider whether the current letter grade system is meeting statutory intent and, if not, consider revisions to State laws to better align the letter grade system's outputs with the State's school accountability goals.

Recommendations to the Department

Work with the Committee to determine adjustments to the current letter grade system for State Board approval to address issues including:

1. Revising the definitions for each letter grade to more accurately reflect what each letter grade represents in terms of actual school performance.
2. Evaluating the measurement scales and grading criteria for each of the letter grade system indicators and determining what updates, if any, are necessary to more accurately reflect school performance. Upon making its determination, document its determination and the rationale supporting its determination.
3. Reviewing other state practices and school accountability recommended practices and determining what updates, if any, are necessary to accurately measure school performance. Upon making its determination, document its determination and the rationale supporting its determination.
4. Upon determining what adjustments to the letter grade system are necessary to more accurately measure school performance, with the Committee recommend revisions to the State Board for approval.
5. Follow its process to validate schools' self-reported information considered as part of their letter grades, such as the information reported for the CCRI, to ensure it is accurate and complete.

Department response: As outlined in its [response](#), the Department agrees with the finding and will implement the recommendations.

Recommendations to the State Board

1. Upon receiving recommended revisions to the letter grade system from the Department and Committee, consider and take formal action in a public meeting to adopt or not adopt the Department's and Committee's recommendations.

2. Review and update publicly available information about the letter grade system to ensure it is up to date and accurate, including updating its A–F letter grade definitions to more accurately reflect what each letter grade represents and updating the School Report Card website to accurately reflect that up to 9 bonus points are available to high schools under the currently adopted letter grade system.

State Board response: As outlined in its [response](#), the State Board agrees with the finding and will implement the recommendations.

Recommendation to the Legislature

1. 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.

Although statutorily required since 2018, Department and State Board have not issued letter grades for the indicators that make up overall school letter grades, and did not ensure the Committee complied with open meeting laws between 2018 and June 2023, limiting public transparency

We identified 2 issues associated with the Department's and/or State Board's failures to comply with State laws relating to the State's letter grade system and open meeting requirements, as further described below.

Issue 1: As of June 2026, the Department and State Board had not complied with an 8-year-old statute requiring letter grades for individual indicators

Since 2018, statute has required the Department and State Board to develop, approve, and issue letter grades for each of the individual indicators that make up the overall letter grades awarded to schools each year, but the Department and State Board have not done so.¹ The letter grade calculations consider 5 individual indicators for high schools and 4 for elementary schools. As described in the Introduction, pages 1 through 8, these indicators include measures of students' performance on State assessments and academic progress; students' college and career readiness, as applicable; and other relevant indicators, such as school graduation rates.

The Department and the Committee began working to develop the required individual indicator letter grades in 2019 and presented information to the State Board in September that year, but there is no evidence that the Department and/or the State Board took any subsequent action related to this statutory requirement for several more years.

Letter grades for individual indicators have been statutorily required since 2018, but the Department and State Board have not provided this key school accountability information.

Documentation we reviewed from the Committee's December 2023 meeting indicated that school disruptions resulting from the COVID-19 pandemic and other State Board priorities contributed to delays in implementing the statutorily required individual indicator letter grades.

Although the Department and the Committee resumed work to address this statutory requirement in 2024, problems identified with the letter grading model have resulted in further delays. Specifically, in August 2024, the Department updated the State Board and proposed releasing individual indicator letter grades in October 2025 at the same time that it planned to issue overall school and district letter grades. However, the Committee determined additional work was needed after it identified issues that could affect the Department's and State Board's ability to issue letter grades for each indicator. We reviewed a letter the Committee prepared and presented to the State Board in January 2025 which indicated that grading each individual

¹ A.R.S. §15-241(G).

indicator was inappropriate given that the indicators were designed to be interdependent and were heavily skewed to compensate for differences in proficiency scores between more- and less-affluent schools.² The letter further indicated “...applying the current business rules to score each [indicator] is inappropriate. Doing so will produce scores that do not align with the overall letter grade, lack accuracy, and ultimately create confusion.”

After the Committee raised concerns about implementing individual indicator letter grades, the State Board began holding study sessions in August 2025 to learn more about and potentially revise each of the letter grade system indicators, starting with growth and proficiency in August and September 2025. In October 2025, the State Board directed the Committee to investigate, model, and recommend potential revisions to the letter grade system that would allow it to issue individual indicator letter grades, as required. The Committee has since voted to recommend changes to the model related to proficiency and growth indicators, which were adopted by the State Board in March 2026.

Issue 2: Department failed to ensure the Committee complied with State open meeting laws for several years prior to July 2023

According to the State Board, the Committee was under the Department’s oversight between mid-2018 and June 2023, and we found that during that time, the Committee did not conduct its business in public meetings, as required by the State’s open meeting laws.³ The Committee is responsible for collaborating with the Department to develop the letter grade system methodology. According to the State Board, from mid-2018 through June 2023, the State Board and Department operated under an agreement that the Department would convene and oversee Committee meetings.⁴

After the State Board resumed responsibility for overseeing the Committee in July 2023, it resumed holding public meetings, as required, and we did not identify any additional open meeting law concerns. However, by that point, the Committee had already made key recommendations about the letter grade system to the State Board for approval without public discussion or disclosure. For example, in 2022, the Committee recommended that the State Board adopt lower cut points for public high school letter grades in response to the adoption of the ACT as the high school assessment, and in April 2023, the State Board approved the addition of 3 more bonus points for high schools based on the number of grade 9 students that complete the ACT Aspire Math and ELA assessments. However, the Committee’s discussion and rationale for making these recommendations was obscured from the public because the Committee did not conduct its business publicly nor make information about its business available to the public through meeting agendas or minutes, as required.

² The memo explains the Committee’s rationale for skewing the indicators as follows: “At its inception there was a recognition of the strong negative correlation between proficiency scores and Free and Reduced Price Lunch (FRPL) levels. If the system was based solely on proficiency levels, wealthy schools would do very well and poor schools would do very poorly. The balance of the other [indicators] of the system can be understood as an effort to compensate for that issue.”

³ Pursuant to A.R.S. §15-241(F), the Department is required to develop the methodology for the letter grade system in collaboration with the Committee, whose members are appointed by the State Board. During the audit, we asked the Department and State Board which entity was ultimately responsible for the Committee’s activities, and the Department and State Board indicated the statute was unclear on this question. Our analysis similarly did not identify any statutory provision specifying which entity was responsible for the Committee’s activities.

⁴ Neither the Department nor the State Board could provide any information about the agreement, such as whether it was documented and/or the agreement’s specific terms because staff involved in developing the agreement between the 2 entities were no longer employed by the Department and/or the State Board.

By failing to comply with statutory requirements, the Department and State Board have deprived the public and stakeholders of critical school accountability information and opportunities to attend and/or participate in school accountability-related deliberations

The Department's and State Board's failure to provide individual indicator letter grades limits the public's understanding of how schools perform on the specific measures of greatest concern to them. For instance, parents who are most interested in schools that provide effective instruction for English language learners or schools whose students are well-prepared for college or work upon graduation lack easily understandable performance information when choosing a school for their child. Similarly, without individual indicator grades for growth and academic proficiency, parents may be less able to select a school that will challenge their children academically or provide needed support. Additionally, the lack of detailed information may limit obscure areas where schools are performing well and areas where additional support may be needed.

Moreover, by failing to ensure the Committee complied with open meeting laws between mid-2018 and June 2023, the Department further limited transparency about various facets of the school letter grade system and key decisions affecting it, such as adjustments to the letter grade system's cut points and the addition of bonus points, as discussed in more detail in Finding 1 (see pages 9 through 26).

Recommendations to the Department

6. Work with the Committee to develop a methodology and performance criteria for individual indicator letter grades as required by A.R.S. §15-241(G) and recommend them to the State Board for approval.
7. Upon the State Board's approval, implement the individual indicator letter grade methodology to annually determine statutorily required indicator letter grades for schools.
8. In coordination with the State Board, as necessary, ensure the Committee continues to comply with the State's open meeting laws, including holding public meetings, and posting notices, agendas, and minutes as required by statute.

Department response: As outlined in its [response](#), the Department agrees with the finding and will implement the recommendations.

Recommendations to the State Board

3. Upon receiving a recommended methodology and performance criteria for individual indicator letter grades from the Department and the Committee, consider and take formal action in a public meeting to adopt or not adopt the Department's and Committee's recommendations.
4. Ensure the Committee continues to comply with the State's open meeting laws, including holding public meetings, and posting notices, agendas, and minutes as required by statute.

State Board response: As outlined in its [response](#), the State Board agrees with the finding and will implement the recommendations.

SUMMARY OF RECOMMENDATIONS

The Arizona Auditor General makes 8 recommendations to the Department, 4 recommendations to the State Board, and 1 recommendation to the Legislature

Click on a finding, recommendation, or its page number to the right to go directly to that finding or recommendation in the report.

Recommendations to the Department

FINDING 1 **9**

Work with the Committee to determine adjustments to the current letter grade system for State Board approval to address issues including:

- 1.** Revising the definitions for each letter grade to more accurately reflect what each letter grade represents in terms of actual school performance. **25**
- 2.** Evaluating the measurement scales and grading criteria for each of the letter grade system indicators and determining what updates, if any, are necessary to more accurately reflect school performance. Upon making its determination, document its determination and the rationale supporting its determination. **25**
- 3.** Reviewing other state practices and school accountability recommended practices and determining what updates, if any, are necessary to accurately measure school performance. Upon making its determination, document its determination and the rationale supporting its determination. **25**
- 4.** Upon determining what adjustments to the letter grade system are necessary to more accurately measure school performance, with the Committee recommend revisions to the State Board for approval. **25**
- 5.** Follow its process to validate schools' self-reported information considered as part of their letter grades, such as the information reported for the CCRI, to ensure it is accurate and complete. **25**

FINDING 2 **27**

- 6.** Work with the Committee to develop a methodology and performance criteria for individual indicator letter grades as required by A.R.S. §15-241(G) and recommend them to the State Board for approval. **29**

- 7. Upon the State Board’s approval, implement the individual indicator letter grade methodology to annually determine statutorily required indicator letter grades for schools. 29
- 8. In coordination with the State Board, as necessary, ensure the Committee continues to comply with the State’s open meeting laws, including holding public meetings, and posting notices, agendas, and minutes as required by statute. 29

Recommendations to the State Board

FINDING 1 9

- 1. Upon receiving recommended revisions to the letter grade system from the Department and Committee, consider and take formal action in a public meeting to adopt or not adopt the Department’s and Committee’s recommendations. 25
- 2. Review and update publicly available information about the letter grade system to ensure it is up to date and accurate, including updating its A–F letter grade definitions to more accurately reflect what each letter grade represents and updating the School Report Card website to accurately reflect that up to 9 bonus points are available to high schools under the currently adopted letter grade system. 26

FINDING 2 27

- 3. Upon receiving a recommended methodology and performance criteria for individual indicator letter grades from the Department and the Committee, consider and take formal action in a public meeting to adopt or not adopt the Department’s and Committee’s recommendations. 29
- 4. Ensure the Committee continues to comply with the State’s open meeting laws, including holding public meetings, and posting notices, agendas, and minutes as required by statute. 29

Recommendation to the Legislature

FINDING 1 9

- 1. 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.

Timeline of Department, State Board, and Committee actions related to the letter grade system

This appendix provides information about the State’s current letter grade system, including the Department’s, State Board’s, and Committee’s actions since the letter grade system was statutorily enacted in its current form in 2016. Specifically, we include information about public State Board and Committee meetings, including key agenda items discussed and decisions made during each meeting, as applicable. This appendix does not include information about any Committee meetings held between mid-2018 and July 2023, during which time the Committee did not meet publicly or make meeting documentation publicly available, contrary to the State’s open meeting laws (see Finding 2, pages 27 through 29, for more information).

▶ **August 2016—Legislation enacted amending the letter grade system**

Laws 2016, Ch. 226, §2, amended A.R.S. §15-241 to require the letter grade system to include multiple performance indicators in addition to indicators related to student proficiency (see Introduction, pages 1 through 8, for information regarding the letter grade system’s performance indicators).

▶ **April 2017—State Board regular meeting**

● **Relevant agenda item**

Presentation, discussion, and action regarding the A–F School Accountability Plan for 2016–2017.

● **Key discussion and/or decisions**

During the meeting, a State Board official presented information to the State Board about the recommended letter grade system. According to the State Board official’s presentation, the State Board created an ad hoc committee comprising 13 members, including State Board members, school superintendents, teachers, parents, and policy advocates to implement the changes made to the letter grade system by Laws 2016, Ch. 226, §2. The State Board official further indicated that the ad hoc committee met 15 times between August 2016 and April 2017 to create and recommend a letter grade system that complied with both federal and State requirements. In addition to its meetings, the ad hoc committee held 17 public hearings on its recommended letter grade system and solicited public input through a survey that received approximately 1,700 responses. The State Board official indicated that its recommended letter grade system was based on the ad hoc committee’s meetings and public outreach efforts. The State Board voted to adopt the letter grade system in its current form.

▶ **Mid-2018—Responsibility for overseeing the Committee moves from the State Board to the Department**

From mid-2018 through July 2023, the Department and State Board agreed to transfer responsibility for overseeing the Committee to the Department. However, neither the Department nor the State Board provided a written agreement for our review, and none of the staff we spoke with were aware of how the agreement was reached. As reported in Finding 2, pages 27 through 29, during these years, the Committee’s meetings were not public, and documentation from these meetings, such as meeting agendas and meeting minutes, were not made publicly available, contrary to the State’s open meeting laws. Accordingly, we were unable to provide any information about the Committee’s activities during these years in this appendix.

▶ **August 2018—Legislation enacted requiring individual indicator-specific letter grades**

Laws 2018, Ch. 275, §1, modified A.R.S. §15-241 to require the letter grade system to include letter grades for each individual indicator in addition to the overall summative letter grade (see Finding 2, pages 27 through 29, for additional information about the Department’s and State Board’s failure to implement indicator-specific letter grades).

▶ **September 2018—State Board regular meeting**

● **Relevant agenda item**

Presentation, discussion and possible action to set cut points and establish a timeline for the A–F School Accountability letter grades for K–8 and 9–12 traditional schools for the 2017–2018 school year.

● **Key discussion and/or decisions**

The State Board voted to approve cut points for the 2017–2018 school year, which were the same cut points from the prior school year. According to State Board staff’s presentation of this agenda item during the meeting, the benefit of keeping cut points the same as the prior school year was that it would allow for a better comparison of letter grades across multiple school years.

▶ **January 2019—State Board regular meeting**

● **Relevant agenda item**

Presentation, discussion, and possible action regarding the K–8, 9–12, and Alternative Schools accountability models.

● **Key discussion and/or decisions**

The State Board approved an additional 3 bonus points for schools achieving higher percentages of students that are proficient in science, allowing up to 5 bonus points in total for grades K–8 and 6 bonus points in total for grades 9–12.

▶ **July 2019—State Board study session**

● **Relevant agenda item**

Study session—A–F letter grade system.

● **Key discussion and/or decisions**

Committee and Department staff presented information about implementing individual indicator letter grades to the State Board pursuant to A.R.S. §15-241, as amended by Laws 2018, Ch. 275. The State Board did not vote on this item during the meeting.

▶ **September 2019—State Board regular meeting**

● **Relevant agenda item**

Presentation and discussion regarding accountability cut points for the 2018–2019 school year.

● **Key discussion and/or decisions**

Department staff presented information about cut points and implementing individual indicator letter grades to the Board. The State Board did not vote on this item during the meeting.

▶ **October 2019—State Board regular meeting**

● **Relevant agenda item**

Presentation, discussion, and possible action to approve accountability cut points for K–8, 9–12, and alternative schools for the 2018–2019 school year.

● **Key discussion and/or decisions**

The State Board unanimously voted to approve the same cut points from the prior year for overall letter grades issued for the 2018-2019 school year. However, the State Board did not discuss or vote on individual indicator letter grades at this meeting, despite discussing them at the July and September 2019 State Board meetings.

▶ **October 2022—State Board regular meeting**

● **Relevant agenda item**

Presentation, discussion, and possible action to approve the accountability cut points for K–8, 9–12, hybrid, alternative, and AOI schools for the 2021–2022 school year.

● **Key discussion and/or decisions**

The State Board unanimously voted to approve adjusted letter grade cut points for traditional high schools due to the adoption of the ACT as the State-wide high school assessment. According to Department staff, the Committee recommended adjusting the cut points because the new assessment resulted in changes in student performance that resulted in lower letter grades for a substantial number of schools.

A Department analysis presented during this meeting showed that using the new cut points instead of the prior-year cut points resulted in 37 high schools receiving an A or B letter grade instead of a C, D, or F letter grade for the 2021–2022 school year. The new cut points were based on the standard deviation of student ACT scores for the 2022 school year and were lower than cut points adopted by the State Board for school years 2016 through 2021.

Specifically, the revised cut points:

- ▶ Reduced the minimum number of points to obtain an A letter grade by 0.83 points (from 83.83 to 83).
- ▶ Reduced the minimum number of points to obtain a B letter grade by 4.02 points (from 70.02 to 66).
- ▶ Reduced the minimum number of points to obtain a C letter grade by 7.21 points (from 56.21 to 49).
- ▶ Reduced the minimum number of points to obtain a D letter grade by 10.5 points (from 42.5 to 32).
- ▶ Reduced the F letter grade range by 11.4 points (from 0-42.39 to 0-30.99).

▶ April 2023—State Board regular meeting

● Relevant agenda item

Presentation, discussion, and possible action regarding the A–F Accountability Business Rules for the 2022–2023 school year.

● Key discussion and/or decisions

The Department presented information to the State Board about the business rules for the 2022–2023 school year letter grades and key changes from the prior year. The Department indicated that due to the State-wide high school assessment changing to the ACT, the growth indicator had to be revised because it was not possible to calculate the SGP for high schools. For this school year, the growth indicator focused on subgroup improvement on proficiency, graduate rate, and dropout rate from the prior year.

Additionally, the State Board unanimously approved the addition of 3 additional bonus points for high schools based on the number of grade 9 students who complete the ACT Aspire assessment. Upon approving these 3 additional bonus points, high schools could earn up to 9 bonus points in total.

▶ **September 2023—State Board regular meeting**

● **Relevant agenda item**

Presentation and discussion regarding accountability cut points for Traditional, Hybrid, Alternative, and AOI schools for the 2022-2023 school year.

● **Key discussion and/or decisions**

During Department staff's presentation on this topic, a State Board member asked if it was possible to assign individual letter grades for each indicator to make it clearer how schools are performing on each indicator comprising the overall letter grade. The State Board executive director responded that the data was available to do so and that individual indicator letter grades were a topic of Committee discussion. The executive director further stated that the State Board also needed to seek stakeholder input on indicator-specific letter grades. At the time of this meeting, indicator-specific letter grades had been statutorily required for more than 5 years.

▶ **October 2023—State Board regular meeting**

● **Relevant agenda item**

Presentation, discussion, and possible action regarding accountability cut points for Traditional, Hybrid, Alternative, and AOI schools for the 2022–2023 school year.

● **Key discussion and/or decisions**

The State Board unanimously approved the school year 2022–2023 cut points as recommended by the Committee, which were the same cut points from the prior school year.

▶ **August 2024—State Board regular meeting**

● **Relevant agenda item**

Presentation and discussion regarding the timeline for the addition of individual indicator scoring to Arizona's A–F Letter Grade Accountability System.

● **Key discussion and/or decisions**

Department and Committee discussed the implementation of individual indicator letter grades at its monthly meetings from January through July 2024 and during the August meeting, presented a timeline to the State Board for implementing the statutorily required individual indicator letter grades. According to the timeline proposed at this meeting, the Committee and Department recommended issuing individual indicator letter grades with the release of October 2025 letter grades. This agenda item was informational, and the State Board did not take any formal action on this item.

▶ **October 2024—State Board regular meeting**

● **Relevant agenda items**

Presentation, discussion, and possible action regarding accountability cut points for Traditional, Hybrid, Alternative, and AOI schools for the 2023–2024 school year.

● **Key discussion and/or decisions**

The State Board unanimously approved the school year 2023–2024 cut points as recommended by the Committee, which were the same cut points from the prior school year. During the discussion of this agenda item, State Board staff explained that the Committee typically recommends prior-year cut points unless there has been a substantial change to the letter grade system.

▶ **January 2025—State Board regular meeting**

● **Relevant agenda items**

Presentation and discussion providing an overview of the A–F School Letter Grade Accountability System and an updated timeline for the development and implementation of individual indicator scoring.

● **Key discussion and/or decisions**

The Committee prepared and presented a letter to the State Board detailing issues with the A–F letter grade system that inhibited the Committee and Department from developing an indicator-specific letter grade methodology. Accordingly, the Committee’s letter to the State Board indicated that the Committee no longer believed it was possible to implement indicator-specific letter grades in accordance with the timeline it presented to the State Board in August 2024 because the current letter grade system’s indicators were designed in a manner to balance each other out so that school performance did not correlate with exogenous factors such as school poverty levels. The letter further indicated that implementing indicator-specific letter grades under the current system would produce results that do not align with the overall letter grade, lack accuracy, and ultimately create confusion. This agenda item was informational, and the State Board did not take any formal action on this item. As of January 2025 when this meeting occurred, indicator-specific letter grades had been statutorily required for more than 6 years.

▶ **August 2025—State Board study session**

● **Relevant agenda items**

Presentation and discussion regarding the growth and proficiency measures of the A–F Accountability System.

- **Key discussion and/or decisions**

Department staff presented information on how the growth and proficiency indicators are calculated. The discussion included potential methodological issues with the growth indicator, such as schools that achieve the same growth score receiving a different number of growth indicator points, and the possibility of establishing new criteria for proficiency indicator points. This agenda item was informational, and the State Board did not take any formal action on this item.

- ▶ **September 2025—State Board study session**

- **Relevant agenda items**

A–F study session II: Proficiency and growth part II.

- **Key discussion and/or decisions**

Department staff presented additional information about the growth and proficiency indicators, such as their relative weights in the letter grade system, the intention behind their weights, and how these weights may impact the implementation of indicator-specific letter grades. This agenda item was informational, and the State Board did not take any formal action on this item.

- ▶ **October 2025—State Board regular meeting**

- **Relevant agenda items**

Presentation, discussion, and possible action regarding accountability cut points for Traditional, Hybrid, Alternative, and AOI schools for the 2024–2025 school year.

Presentation, discussion, and possible action to provide guidance to the A–F Technical Advisory Committees to investigate and report on possible changes to the A–F summative system.

- **Key discussion and/or decisions**

The State Board approved the school year 2024–2025 cut points as recommended by the Committee, which were the same cut points from the prior school year, and the same cut points that had been applied since 2022 for traditional high schools, and since 2017 for schools serving grades K–8.

Additionally, the State Board voted to direct the Committee to investigate, model, and make recommendations on potential revisions to the letter grade system’s proficiency and growth indicators.¹

¹ Specifically, the State Board directed the Committee to investigate, model, and make recommendations on the following matters: (1) using current performance-level descriptors, research and recommend a data-based allocation of points for the proficiency indicator; (2) research the impact of the removal of the current cap on growth scores for schools and make a recommendation to the Board; (3) research and recommend the data-based equivalent weights for student growth between performance levels; (4) research and recommend a model(s) to reflect a student’s movement out of the minimally proficient range from the prior year.

▶ **November 2025—State Board study session**

● **Relevant agenda items**

Presentation and discussion on the A–F English learner proficiency and growth indicator.

● **Key discussion and/or decisions**

Department staff presented information about the English language learner indicator, including the indicator’s methodology, and issues with the indicator, such as the results being difficult for schools and parents to understand. The Department staff also presented information about potential changes to the indicator to address some of the issues discussed. This agenda item was informational, and the State Board did not take any formal action on this item.

▶ **February 2026—Committee regular meeting**

● **Relevant agenda items**

Presentation, discussion, and possible recommendation for proficiency indicator.

● **Key discussion and/or decisions**

The Committee voted to recommend revisions to the methodology of the proficiency indicator to the State Board.

The Committee’s recommendations to the State Board included:

- ▷ Using historical proficiency data to establish criterion-based scores.
- ▷ Using the indicator’s standard deviation to establish indicator cut points.
- ▷ Providing a mechanism to appropriately adjust cut points over time to promote student achievement.

▶ **March 2026—Committee regular meeting**

● **Relevant agenda items**

Presentation, discussion, and possible recommendation for growth indicator.

● **Key discussion and/or decisions**

The Committee voted to recommend revisions to the growth indicator methodology to the State Board.

The Committee’s recommendations to the State Board included:

- ▷ Using historical growth data to establish data-based equivalent weights for student growth between performance levels.
- ▷ Using the indicator’s standard deviation to establish indicator cut points.
- ▷ Providing a mechanism to appropriately adjust cut points over time to promote student achievement.

▶ **March 2026—State Board study session**

● **Relevant agenda items**

Presentation and discussion on the A–F graduation rate indicator.

● **Key discussion and/or decisions**

Department staff presented information on the graduation rate indicator, such as how points for the indicator are calculated, and issues affecting the indicator, such as the cap on points that schools can earn. According to the staff presentation, the points cap for this indicator prevents the letter grade system from fully communicating the performance of a school that performed above the level of where the points are currently capped at. Specifically, a high school can be eligible to earn up to 20 points for this indicator, but the system methodology only allows up to 10 points to be awarded. This agenda item was informational, and the State Board did not take any formal action on this item.

▶ **March 2026—State Board regular meeting**

● **Relevant agenda items**

Presentation, discussion, and possible action to adopt the A–F Technical Advisory Committees’ recommendations for the methodology to be used to revise the proficiency and growth indicators in the A–F School Accountability System.

● **Key discussion and/or decisions**

The State Board voted unanimously to approve the Committee’s recommended revisions to the proficiency and growth indicators’ methodologies from the February and March 2026 Committee meetings previously described.

Specifically, the Committee recommended that the letter grade system should be revised to:

- ▷ Use historical indicator data to establish data-based equivalent weights for student growth between performance levels and to establish criterion based scores for proficiency.
- ▷ Use standard deviation from the historical median to establish cut points within the growth and proficiency indicators.
- ▷ Provide a mechanism by which the cut points can be raised over time to promote student achievement.

▶ **April 2026—Committee regular meeting**

● **Relevant agenda items**

Presentation, discussion, and possible recommendation for growth indicator.

- **Key discussion and/or decisions**

The Committee voted to recommend additional revisions to the methodology of the growth indicator to the State Board. Specifically, the Committee voted to recommend that the State Board remove the cap on growth scores and reset the SGP weights for grades K–8 to better differentiate between schools with high and low performance on growth measures.

- ▶ **April 2026—State Board study session**

- **Relevant agenda items**

Presentation and discussion on the A–F CCRI indicator.

- **Key discussion and/or decisions**

Department staff presented information about the CCRI, including the indicator’s methodology and issues with the indicator, such as the indicator not transparently representing schools’ CCRI performance. Specifically, Department staff indicated that most schools earn most points for the CCRI indicator, and therefore it does not adequately distinguish between excellent and poor CCRI performance. This agenda item was informational, and the State Board did not take any formal action on this item.

- ▶ **April 2026—State Board regular meeting**

- **Relevant agenda items**

Presentation, discussion, and possible action to provide guidance to the A–F Technical Advisory Committees to investigate and report on possible changes to the graduation rate indicator of the A–F summative system.

- **Key discussion and/or decisions**

The State Board voted to direct the Committee to investigate, model, and make recommendations on potential revisions to the letter grade system’s graduation rate indicator.²

- ▶ **May 2026—Committee regular meeting**

- **Relevant agenda items**

Presentation, discussion, and possible recommendation for proficiency indicator’s underlying methodologies.

Presentation, discussion, and possible recommendation for 9–12 growth indicator’s underlying methodologies.

² Specifically, the State Board directed the Committee to investigate, model, and make recommendations on the following revisions: (1) research and recommend data-based threshold(s) for earning points on the graduation rate indicator, including the removal of the current cap; (2) evaluate the weighting of the graduation rate improvement component and consider a move to a more continuous scale; and (3) explore approaches that account for a school’s prior-year graduation rate when setting improvement expectations, ensuring goals are data-informed and appropriately differentiated.

- **Key discussion and/or decisions**

The Committee voted to recommend revision of the methodology for the proficiency indicator, specifically to adjust the scale of points awarded for student performance.³

Additionally, the Committee voted to recommend that the growth indicator be revised to remove the cap on growth points, to adjust the scale of points awarded for students achieving high growth, and to measure growth using student performance on the grade 8 and grade 11 assessments.^{4,5}

- ▶ **May 2026—State Board regular meeting**

- **Relevant agenda items**

Presentation, discussion, and possible action to provide guidance to the A–F Technical Advisory Committees to investigate and report on possible changes to the College and Career Readiness (CCRI) indicator of the A–F summative system.

- **Key discussion and/or decisions**

The State Board voted to direct the Committee to investigate, model, and make recommendations on potential revisions to the letter grade system’s CCRI indicator.⁶

- ▶ **May 2026—State Board study session**

- **Relevant agenda items**

Presentation and discussion on the A–F acceleration readiness indicator.

- **Key discussion and/or decisions**

Department staff presented information about the A–F acceleration readiness indicator, including the indicator’s methodology and issues with the indicator, such as the fact that most schools earn most points possible for this indicator which limits the usefulness of the information it provides to schools. This agenda item was informational, and the State Board did not take any formal action on this item.

³ Specifically, the Committee recommended that the letter grade system be revised to award proficiency points on the following scale: 1 point for minimally proficient students, 2 points for partially proficient students, 3 points for proficient students, and 4 points for highly proficient students. Currently, the letter grade system awards 0 points for minimally proficient students, 0.6 points for partially proficient students, 1 point for proficient students, and 1.3 points for highly proficient students.

⁴ Specifically, the Committee recommended to revise the calculation of the SGP for students achieving high growth as follows: 2 points for highly proficient students achieving high growth, 2.2 points for proficient students achieving high growth, 2.4 points for partially proficient students achieving high growth, and 2.6 points for minimally proficient students achieving high growth. Currently, the letter grade system awards 1 point for highly proficient students achieving high growth, 1.2 points for proficient students achieving high growth, 1.8 points for partially proficient students achieving high growth, and 2 points for minimally proficient students achieving high growth.

⁵ During the meeting, Department staff and Committee members noted that the motion to revise the growth indicator to measure student growth using the grade 8 and grade 11 assessments was because at the time of the meeting, there was a request for proposal (RFP) to implement a new high school assessment.

⁶ Specifically, the State Board directed the Committee to investigate, model, and make recommendations on the following revisions: (1) research and recommend an appropriate CCRI scoring structure, including the overall range of points, performance thresholds, and cut scores, ensuring they meaningfully differentiate school performance; (2) evaluate the role of the current CCRI cap within the scoring structure, including consideration of whether removal of the cap would better reflect variation in college and career readiness outcomes; (3) evaluate whether current CCRI components are meaningful, valid, and accessible across school models and student populations, including whether associated bonus points should remain separate or be integrated; and (4) consider the integration of Indicator 14 of IDEA into the CCRI; Indicator 14 evaluates the percentage of students with IEPs who, within one year of leaving high school, are enrolled in higher education, competitively employed, or participating in other training or employment programs.

Department and State Board could consider other state and school accountability recommended practices to address letter grade system issues we identified

This appendix presents information about our work related to other states' A–F letter grade systems, including potential changes that the Department and State Board could consider to address some of the letter grade system issues described in Finding 1 (see pages 9 through 26). The appendix also presents our analysis of how certain changes may impact Arizona schools' current letter grades. To conduct our analysis, we generated synthetic student-level data based on summary information from actual student-level testing data reported to the Department and State Board.¹ We were unable to model certain other state and recommended practices due to differences between states in how certain measures were calculated or the data on which the measures were based. The purpose of this analysis is not to make specific recommendations about potential modifications to Arizona's letter grade system, but to illustrate the potential impact of applying approaches used by other states and/or recommended practices for school accountability monitoring systems.

Arizona's individual indicator composition and relative model weights were similar to those in other states we reviewed

As discussed in the Introduction, pages 1 through 8, statute specifies certain measures that Arizona's letter grade system is required to include, such as academic progress on State assessments, progress toward college and career readiness, and other measures of academic performance or other academically relevant indicators of school quality as determined by the State Board.² To assess how Arizona's letter grade model indicators compared with other states and recommended school accountability practices, we reviewed 5 other states with A–F letter grade or similar accountability systems and various recommended practices. We found that Arizona's model indicators are similar to those used by other states and recommended school accountability practices. Table 8, page b-2, shows Arizona and its indicators for traditional schools serving grades K–8 and traditional high schools. As shown in the table, most of the other states' systems we reviewed had measures similar to Arizona's including measures of student proficiency and growth, graduation, and college and career readiness, and English language learner proficiency.

We also conducted work to determine how the Department and State Board's weighting of the various model indicators compared with other states and recommended practices. While we observed some differences between states as shown in Table 9, page b-3, we found that Arizona's letter grade system generally weighted its model indicators similarly to other states. We did not identify any recommended practices to suggest alternative weights for any specific indicator.

¹ We developed the synthetic data in collaboration with the Department and the State Board based on the reported number of students who scored at each proficiency and growth level per school. See Appendix C for more information.

² A.R.S. §15-241(D).

Table 8

Arizona’s letter grade system indicators for traditional K–8 schools are similar to those used by other states with letter grade systems

Indicator	Points allocated to each indicator by state						
	AZ	AL	CT ¹ (K–5)	CT (6–8)	FL	MS	UT
Growth	50	40	42	40	20	28.55	37
Proficiency	30	40	32	30	50	42.9	37
Acceleration/readiness	10	N/A	N/A	N/A	10	N/A	N/A
English learners	10	5	11	10	N/A	N/A	9
Chronic absenteeism	N/A	15	11	10	N/A	N/A	N/A
Growth (lowest 25%)	N/A	N/A	N/A	N/A	20	28.55	17
Other ²	N/A	N/A	5	10	N/A	N/A	N/A
Total	100	100	≈100	100	100	100	100

¹ Connecticut’s percentage of points allocated to each indicator for schools K-5 in school year 2024–2025 equate to 101%.

² “Other” includes extracurricular and elective courses including physical fitness and access to the arts.

Source: Auditor General staff review of published school accountability and technical documents for Arizona and other states.

Table 9**Arizona’s letter grade system indicators for traditional high schools are similar to those used by other states with letter grade systems**

Indicator	Points allocated to each indicator by state					
	AZ	AL	CT	FL	MS	UT
Proficiency	30	20	21	40	25	25
College and career readiness	20	10	14	10	15	22
Graduation	20	30	14	10	20	11
Growth	20	25	28	20	20	25
English learners	10	5	7	N/A	N/A	6
Chronic absenteeism	N/A	10	7	N/A	N/A	N/A
Growth (lowest 25%)	N/A	N/A	N/A	20	20	11
On track to graduate	N/A	N/A	3	N/A	N/A	N/A
Other ¹	N/A	N/A	6	N/A	N/A	N/A
Total	100	100	100	100	100	100

¹ “Other” includes extracurricular and elective courses including physical fitness and access to the arts.

Source: Auditor General staff review of published school accountability and technical documents for Arizona and other states.

Arizona’s letter grade system cut points were in the middle of the range among other states we reviewed and more traditional A–F cut points would substantially impact the State-wide letter grade distribution

In school accountability systems, cut points determine the number of points a school must earn to be assigned a specific letter grade or rating. In Arizona, the Committee recommends cut points in October each year to the State Board for its consideration and approval. As shown in Table 10, page b-4, cut points for letter grades vary widely among the 5 other states we reviewed with A–F letter grade or similar school accountability systems. Among the other states we reviewed, only Alabama has adopted cut points associated with traditional A–F letter grades, where 90 to 100% of available points are required for an A, and so on. Based on our review, Arizona’s currently adopted cut points are in the middle of the range we observed, with Florida’s system requiring the lowest proportion of points for an A grade and Alabama’s system requiring the most. Some of the other states’ grading scales were not based on 100 points. The figures in the table represent the percentage of total available points required to earn each letter grade, regardless of the total number of points available.

Table 10

Arizona’s adopted letter grade system cut points are in the middle of the range among other states we reviewed¹

Letter grade	Letter grade system cut points by state					
	AZ	AL	CT ²	FL	MS	UT ³
K–8 schools						
A	Greater than 83.99	Greater than 89	Greater than 84.9	Greater than 61	Greater than 63.14	N/A
B	83.99 – 72	89 – 80	84.9 – 70	61 – 54	63.13 – 53.86	N/A
C	71.99 – 60	79 – 70	Less than 70	53 – 41	53.86 – 46.86	N/A
D	59.99 – 47	69 – 60	—	40 – 32	48.5 – 38.43	N/A
F	Less than 47	Less than 60	—	Less than 32	Less than 38.43	N/A
9–12 schools						
A	Greater than 81.99	Greater than 89	Greater than 84.9	Greater than 63	Greater than 75.39	N/A
B	81.99 – 65	89 – 80	84.9 – 70	63 – 57	75.39 – 64.8	N/A
C	64.99 – 48	79 – 70	Less than 70	56 – 44	64.79 – 58.4	N/A
D	47.99 – 31	69 – 60	—	43 – 34	58.39 – 51.0	N/A
F	Less than 31	Less than 60	—	Less than 34	Less than 51.0	N/A

¹ Some states included in this table use a 5 category rating system with designations other than a letter grade but are comparable in nature.

² Connecticut uses letter grades for the first 3 categories then uses a criterion-based system to determine which schools belong in the 2 bottom categories for school performance.

³ Utah’s school accountability system does not have a summative category or cut points.

Source: Auditor General staff review of school accountability system documentation for Arizona and other states.

We did not identify any school accountability recommended practices supporting the adoption of specific cut points for school letter grades. Instead, recommended practices we reviewed indicated that letter grade cut points should be set such that they are both challenging and attainable while still meaningfully differentiating schools’ performance.

Recommended practices also indicate traditional A–F letter grades increase transparency about schools’ performance because they are familiar to parents, students, and other stakeholders. This familiarity may be a result of schools’ use of letter grades and the traditional A–F grade cut points to evaluate student performance.³ As such, we modeled the impact on the distribution of letter grades State-wide if the State’s letter grade system adopted the more traditional cut points associated with A–F letter grades. Table 11, page b-6, shows the distribution of letter grades that would be awarded to traditional schools with these more traditional cut points applied to Arizona’s letter grade system. As shown in the table, the total percentage of schools State-wide with A or B letter grades drops from 77.6% to 49.8% and 436 fewer schools would have received A and B letter grades.

³ Winters, A. (2016). Grading schools promotes accountability and improvement. Manhattan Institute. Retrieved 5/14/2026 from <https://media4.manhattan-institute.org/sites/default/files/IB-MW-0516b.pdf>; Jimenez, L., et al. (2017). Designing school accountability. Center for American Progress. Retrieved 5/14/2026 from <https://www.americanprogress.org/article/designing-accountability/>; ExcelinEd. (2017). ESSA playbook series → A–F school Accountability. Retrieved 12/30/2025 from https://www.excelined.org/wp-content/uploads/2017/11/ExcelinEd.ESSA_PlayBook.SchoolAccountability.November2016.pdf

Table 11**Adjusting cut points to a more traditional grading scale would reduce the number of Arizona schools with A and B letter grades**

2024–2025 school year

Letter grade	Number of schools receiving each letter grade in 2025		Number of schools that would receive each letter grade with adjusted cut points		Change
	Count	Percent	Count	Percent	Count
Arizona’s 1,337 K–8 public schools					
A	469	35.1%	241	18.0%	- 228
B	536	40.1%	404	30.2%	- 132
C	282	21.1%	429	32.1%	+147
D	41	3.1 %	213	15.9%	+172
F	9	<1.0%	50	3.7 %	+41
Arizona’s 227 public high schools					
A	117	51.5%	67	29.5%	- 50
B	93	41%	67	29.5%	- 26
C	15	6.6%	60	26.4%	+45
D	1	<1.0%	24	10.6%	+23
F	1	<1.0%	9	4.0%	+8
Total: Arizona’s 1,564 public schools					
A	586	37.4%	308	19.7%	- 278
B	629	40.2%	471	30.1%	- 158
C	297	19.0%	489	31.3%	+192
D	42	2.7%	237	15.2%	+195
F	10	<1.0%	59	3.7%	+49

Source: Auditor General staff analysis of Department-provided school-level data for 2025 letter grades.

Arizona’s letter grade system was the only system that awarded bonus points among the states we reviewed, and removing bonus points would reduce the number of schools receiving A and B letter grades

Among the 5 other states we reviewed, we found that only Arizona awarded bonus points to schools. As discussed in Finding 1, pages 9 through 26, traditional high schools were eligible to earn up to 9 bonus points for the 2024–2025 school year for special education enrollment, science proficiency, military/post-secondary enrollment, and grade 9 ACT Aspire participation. Traditional schools serving grades K–8 were eligible to earn up to 5 bonus points for special education enrollment and science proficiency. As explained in Finding 1, providing bonus points to schools effectively reduces the number of indicator points a school must earn to achieve each letter grade. For instance, a high school that receives a full 9 bonus points needs to earn only 73% of the points available from the indicators, including student proficiency, to receive an A letter grade.

To assess the impact of bonus points on the State-wide letter grade distribution, we analyzed how the State-wide distribution of letter grades would change if no bonus points were available to schools. As shown in Table 12, page b-8, 120 schools serving grades K–8 and 29 high schools that earned A letter grades in 2025 would not have earned an A without bonus points. As also shown in the table, more schools State-wide would earn B and C letter grades without bonus points, consistent with other states we reviewed.

Table 12

Arizona was unique among the states we reviewed in awarding bonus points, and removing bonus points would result in fewer schools receiving A letter grades

2024–2025 school year

Letter grade	Number of schools receiving each letter grade in 2025		Number of schools that would receive each letter grade without bonus points		Change
	Count	Percent	Count	Percent	Count
Arizona’s 1,337 K–8 public schools					
A	469	35.1%	349	26.1%	- 120
B	536	40.1%	580	43.4%	+44
C	282	21.1%	335	25.1%	+53
D	41	3.1 %	63	4.7%	+22
F	9	<1.0%	10	<1.0%	+1
Arizona’s 227 public high schools					
A	117	51.5%	88	38.7%	- 29
B	93	41.0%	110	48.5%	+17
C	15	6.6%	27	11.9%	+12
D	1	<1.0%	1	<1.0%	—
F	1	<1.0%	1	<1.0%	—
Total: Arizona’s 1,564 public schools					
A	586	37.4%	437	27.9%	- 149
B	629	40.2%	690	44.1%	+61
C	297	19.0%	362	23.1%	+65
D	42	2.7%	64	4.0%	+22
F	10	<1.0%	11	<1.0%	+1

Source: Auditor General staff analysis of Department-provided school-level data for 2025 letter grades.

Other states have growth measures similar to Arizona’s, but some have mechanisms to help address SGP limitations and/or better ensure students are moving toward proficiency, which would reduce the number of Arizona schools receiving A letter grades

A.R.S. §15-241 requires the State’s letter grade system to include a measure of longitudinal academic progress (i.e., academic progress over time). In accordance with this requirement, the Department and State Board have developed and included an academic growth measure that is intended to track academic progress even when students cannot demonstrate proficiency. For Arizona’s letter grade system, the State Board has adopted the SGP to measure growth, which describes the student’s growth compared to other students who had a similar score on the prior year’s assessment. To calculate each student’s SGP, students are grouped into cohorts based on how they scored on State assessments in the prior year and then compared to their current year performance. For instance, a student with an SGP of 40 earned a test score this year that was higher than 40% of students in their cohort.

Department analysis we reviewed indicated that Arizona’s growth measure may not effectively distinguish students because it gives 1 point to all students with an SGP between 34 and 66 (see Table 13). Moreover, for highly proficient students, a student who scores higher than 34% of their cohort gets the same number of points as a student that scores higher than 99% of their cohort. The Department’s analysis additionally notes that converting numerical data into categories can hide meaningful differences and result in less accurate conclusions. For example, under the growth measure for public high schools, students with an SGP of 33 receive no growth points while students with a 34 SGP receive full growth points, despite their very similar performance on the State’s academic assessments.

Table 13
Arizona’s growth point allocations per student growth percentile values in 2025

Prior-year achievement level	Low growth (SGP 1–33)	Average growth (34–66)	High growth (SGP 67–99)
High proficiency (HP)	0	1	1
Proficient (P)	0	1	1.2
Partially proficient (PP)	0	1	1.8
Minimally proficient (MP)	0	1	2

Source: Auditor General staff review of the Department’s A–F Business Rules omnibus document for the 2024–2025 school year.

Although Department staff indicated that a majority of state accountability systems use the SGP to measure growth, some other states we reviewed had different approaches to measuring and/or awarding points for students’ academic growth. For instance, as shown in Table 14, page b-10, Utah’s growth model weights growth uniformly between all proficiency levels and breaks the possible growth points per student based on their SGP as well, but into smaller ranges of SGP values.

Table 14**Utah growth point allocations per student growth percentile values in 2025**

Student growth percentile	Point weight
Greater than 79	1.00
60–79	0.75
40-59	0.50
20-39	0.25
0-19	0.00

Source: Auditor General staff review of Utah’s accountability manual, published by the Utah State Board of Education.

To assess the impact of such a change to Arizona’s letter grade system, we generated synthetic academic achievement data with prior and current year test scores. Using this synthetic data, we modeled growth as applied in Utah’s letter grade model using Arizona’s test scores and SGP values for the 2024–2025 school year. As shown in Table 15, the proportion of high schools earning an A letter grade substantially declined when the growth measure was adjusted to use Utah’s SGP point allocation. We were unable to model the impact this change would have on schools serving grades K–8 due to differences in the State-wide assessments used between grades to measure proficiency in Arizona and Utah and due to the number of grades for which generating student-level synthetic data was required.

Table 15**Fewer high schools State-wide would have received A grades and more would have received B and C grades with Utah’s application of the SGP**

2024–2025 school year

Letter grade	Number of high schools receiving each letter grade in 2025		2025 high school letter grades applying Utah’s growth measure		Change
	Count	Percent	Count	Percent	Count
A	117	51.5%	71	31.4%	- 46
B	93	41.0%	110	48.7%	+ 17
C	15	6.6%	44	19.5%	+ 29
D	1	<1.0%	1	<1.0%	—
F	1	<1.0%	1	<1.0%	—

Source: Auditor General staff analysis of Department-provided school-level data for 2025 letter grades and Utah’s growth measure point allocations.

We also reviewed school accountability recommended practices to identify any recommended practices for measuring growth. Recommended practices support including a growth measure for students who may be progressing but not proficient but also indicated that using the SGP to measure growth can be misleading.⁴ Specifically, SGP assesses the progress students are making in comparison to peers with similar previous scores on state assessments rather than growth toward academic proficiency. As a result, students may rank highly on the SGP measure even if they made no progress toward proficiency if other students in their cohort performed worse.

While the recommended practices we reviewed do not identify any single growth indicator to resolve the issues with the SGP, some other states we reviewed have adopted growth measures that address these concerns. For instance, Mississippi’s growth indicator awards points to students who make gains toward proficiency, rather than comparing the student to other students with similar performance on the prior year state-wide assessments. To assess the impact of such a measure on Arizona’s State-wide high school letter grade distribution, we modeled high schools’ letter grades using the Mississippi growth model. As shown in Table 16, fewer Arizona high schools would have earned A letter grades and more high schools would have earned B and C letter grades with a growth measure like Mississippi’s.

Table 16

Mississippi’s growth model measures progress toward proficiency and would have reduced the number of high schools receiving A letter grades in 2025

2024–2025 school year

Letter grade	Number of high schools receiving each letter grade in 2025		2025 high school letter grades applying Utah’s growth measure		Change
	Count	Percent	Count	Percent	Count
A	117	51.5%	90	39.7%	- 27
B	93	41.0%	109	48.0%	+ 16
C	15	6.6%	27	11.9%	+ 12
D	1	<1.0%	0	0.0%	- 1
F	1	<1.0%	1	<1.0%	—

Source: Auditor General staff analysis of Department-provided school-level data for 2025 letter grades and Mississippi’s growth measure.

⁴ Munyan-Penney, N., Jones, A., & Levitan S. (2024). Reassessing ESSA implementation: An equity analysis of school accountability systems. Edtrust. Retrieved 1/8/2026 from <https://edtrust.org/rfi/reassessing-essa-implementation-an-equity-analysis/#key>; ExcelinEd. (2017). ESSA playbook series A–F school Accountability. Retrieved 12/30/2025 from https://www.excelined.org/wp-content/uploads/2017/11/ExcelinEd.ESSA_PlayBook.SchoolAccountability.November2016.pdf

Scope and methodology

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

We used various methods to address the audit objectives, including reviewing applicable State and federal statutes; recommended practices and other state practices related to school accountability systems; the State Board's website and other written guidance, such as the Principles of Agreement for the System; the Department's website and other written guidance, such as the A–F Business Rules omnibus document for the 2024–2025 school year; and interviewing Department staff, State Board members, and Committee members.

Additionally, we used the following specific methods to meet the audit objectives:

- ▶ To determine whether the Department and State Board issued school letter grades in accordance with its business rules for the 2024–2025 school year, we replicated schools' scores and corresponding letter grades using Department provided data.
- ▶ To evaluate how Arizona's adopted letter grade model compares with other states' practices, we judgmentally selected 5 other states with A–F letter grade or similar accountability systems and compared Arizona's letter grade model to these other states' models. We evaluated similarities and differences in model indicators, weights, methodology, and other factors that impact schools' letter grades. The 5 states we judgmentally selected and reviewed included Alabama, Connecticut, Florida, Mississippi, and Utah.
- ▶ To evaluate how Arizona's adopted letter grade model compares with recommended practices for school accountability, we requested and reviewed information from the Department and the State Board about practices they used to inform the current letter grade model. We also independently reviewed school accountability recommended practices to identify recommended practices relevant to Arizona's letter grade model.¹

¹ Olson, L. (2025). *Quality check: The new, best way to measure school performance*. Future Ed & Keystone Policy Center. Retrieved 12/9/2025 from <https://www.future-ed.org/wp-content/uploads/2025/04/Quality-Check-The-New-Best-Way-to-Measure-School-Performance.pdf>; Sun, M., Kennedy, A. I., & Anderson, E. M. (2020). The multidimensionality of school performance: Using multiple measures for school accountability and improvement. *Education Policy Analysis Archives*, 28(89). <https://doi.org/10.14507/epaa.28.4689>. Retrieved 12/9/2025 from <https://epaa.asu.edu/index.php/epaa/article/download/2920/1999>; L. Hammond-Darling, et al. (2016). *Pathways to new accountability through the Every Student Succeeds Act*. Learning Policy Institute & Stanford Center for Opportunity Policy in Education. Retrieved 12/16/2025 from https://staging-development-apps.gse.stanford.edu/arizona-unit2-map-c/assets/arizona_files/Attachment%204%20Pathways_New-Accountability_Through_Every_Student_Succeeds.pdf; Institute of Education Sciences (IES). (2021). *Mapping state proficiency standards onto the NAEP scales*. U.S. Department of Education. Retrieved 12/30/2025 from <https://nces.ed.gov/nationsreportcard/subject/publications/studies/pdf/2021036a.pdf>; ExcelinEd. (2017). *ESSA playbook series A–F school Accountability*. Retrieved 12/30/2025 from https://www.excelined.org/wp-content/uploads/2017/11/ExcelinEd.ESSA_PlayBook.SchoolAccountability.November2016.pdf; Munyan-Penney, N., Jones, A., & Levitan S. (2024). *Reassessing ESSA implementation: An equity analysis of school accountability systems*. Edtrust. Retrieved 1/8/2026 from <https://edtrust.org/r/i/reassessing-essa-implementation-an-equity-analysis/#key>

- ▶ To evaluate the Department's, State Board's, and Committee's compliance with various provisions of the State's open meeting laws, we reviewed a listing of public meetings held between March 2018 and July 2023 on the State Board's website. We also observed all 4 public Committee meetings held between October 2025 and January 2026.
- ▶ To gather information about the Department's, State Board's, and Committee's actions pertaining to the letter grade system, we reviewed State Board meeting agendas and minutes and recordings and available Committee meeting minutes for meetings held between April 2017 through April 2026.
- ▶ To model potential changes to the letter grade system based on other state and recommended practices we reviewed, we randomly generated synthetic student-level testing data based on Department-provided information about the number of students at each school that scored at each proficiency and growth level for traditional high schools for the 2024–2025 school year. We were unable to perform similar analysis for K–8 schools due to differences in the academic assessments among grade levels and states.
- ▶ To obtain information for the Introduction, we reviewed relevant statutes as well as Department- and State Board-provided information about the letter grade system.

Our work on internal controls included assessing the Department's and State Board's compliance with certain statutory requirements related to holding public meetings for fiscal years 2019 through 2026. We reported our conclusions on internal control deficiencies in Finding 2, pages 27 through 29.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to be projected to the entire population.

When relying on Department and/or State Board-provided data to support our findings and conclusions, we performed certain tests to ensure the data was sufficiently valid, reliable, and complete to meet the audit objectives. Unless otherwise noted, we determined the Department- and State Board-provided data was sufficiently valid, reliable, and complete for audit purposes.

We conducted this performance audit of the Department in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the Department, the State Board, the Committee, and their respective staff for their cooperation and assistance throughout the audit.

State Board's response necessitates clarifications and additional context

The Joint Legislative Audit Committee requires audited entities to provide a written response indicating whether they agree with our findings and plan to implement the recommendations. This audit makes recommendations requiring a response from the Department and the State Board, and consistent with the requirement, their responses are presented on the following pages.

The State Board and the Department each agreed with Finding 1 of the report, which found that the school letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools, limiting its usefulness in providing public information about schools' achievement. However, the State Board's response, with concurrence from the Department, included certain statements pertaining to the letter grade system's current configuration and the grades awarded to schools that require clarification and/or additional context.

We identified the following specific areas of concern:

▶ **State Board's discussion of average proficiency levels for schools with A letter grades appears to ignore its published grading definition calling for "distinguished performance on the State-wide assessment"**

The State Board's response states in multiple places that average proficiency scores for students at 82.2% of schools with A letter grades were at or above the aggregated State-wide average proficiency on math and ELA examinations. For reference, and as noted in the report, in fiscal year 2025, the average percentages of students testing as proficient on State-wide math and ELA assessments was 33% and 40%, respectively.

Although the 82.2% figure cited in the response may be accurate, neither the Department nor the State Board makes the aggregated State-wide proficiency score cited in the response publicly available with the letter grades assigned to schools, nor is the score on the school report card website. Additionally, by suggesting that proficiency scores that exceed the State-wide averages justify awarding A letter grades, the response appears to disregard the State Board's published definition requiring students at A-graded schools to achieve "distinguished performance on the State-wide assessment." Further, the response does not acknowledge or address the A letter grades awarded to the nearly 18% of schools—more than 100 schools State-wide—whose average proficiency scores were below the aggregated proficiency average, contrary to the State Board's definition for A letter grades.

▶ **State Board misunderstands the purpose of providing a comparison of report cards for 2 schools with A letter grades**

The State Board's response takes issue with our report's comparison of the published report cards for 2 high schools that were awarded A letter grades in 2025, indicating that the 2 schools selected "do not accurately represent the average A school." However, the

comparison's intent was not to present the average A school but rather to present the variation in performance among A-graded high schools. The comparison illustrates a key issue discussed in the finding, which is that the State's letter grade system awards a substantial number of top letter grades to schools that do not appear to meet the criteria specified in the State Board's published letter grade definitions.

▶ **State Board's discussion of schools with A and B letter grades targeted for federal intervention requires further context**

The State Board's response discounts the fact that 48 K–8 schools with A and B letter grades were targeted for the federal school accountability system's highest levels of intervention to increase student academic achievement and close achievement gaps. The response states "The report does not fully explain the differences between the State and federal accountability systems." It also indicates that the 48 K–8 schools are targeted for school improvement based on the performance of student subgroups.

Although this report focuses on the State's letter grade system, we address differences in the federal and State accountability systems in the report's introduction and include information about the levels of federal intervention for underperforming schools in Finding 1. In total, 82 traditional schools with A and B grades were targeted for some level of intervention under the federal accountability system in 2025. We limit the report's discussion to only those 48 schools with A and B grades that were targeted for the highest levels of federal intervention. Regardless of whether these schools were identified for improvement based on student subgroups or overall performance, documentation from the Department indicates that schools targeted for the highest levels of federal intervention need more support, funding, and attention to improve student outcomes compared to those not identified.¹ Our inclusion of federal school accountability system results support the finding's discussion of whether the State letter grade system effectively communicates school performance and identifies schools in need of additional support.

▶ **State Board incorrectly states that the report does not provide an explanation for including Connecticut's school accountability system for comparison purposes**

The response expresses concern about other state comparison information included in the report specific to Connecticut. It states "Further, CT [Connecticut] does not use a comparable letter grade system to Arizona, instead using a categorical system, and thereby is not a valid direct comparison state to AZ [Arizona]. The report does not explain how the two states and systems are comparable."

During the audit, we were made aware of the State Board's apparent misunderstanding of the purpose of including Connecticut in our review and met with the State Board to further explain our rationale for using Connecticut as a relevant comparative state. To address the State Board's concerns, we also added language to the report to more clearly explain how the 2 states are comparable for the purposes discussed in the report. Specifically, on pages 16 and 17 of the report, we acknowledge the State Board's position and explain

¹ Arizona Department of Education. (2025). *Federal school improvement: CSA/ATSI/TSI*. Retrieved 6/18/2026 from <https://www.azed.gov/sites/default/files/2025/08/FSI%20Business%20Rules%20FY2025%2B.pdf>

the structural similarities of the 2 state's school accountability systems. We disagree with the State Board's assertion that Connecticut's categorical school accountability system is not comparable to Arizona's letter grade system. As explained in the report, although Connecticut does not assign an A–F grade to schools, it uses a similar 5-category school accountability framework where schools are assigned to a category reflecting their overall performance based on their performance on multiple indicators.

Including Connecticut as a comparison state helps address the question of whether states that award top letter grades to a higher proportion of schools have students who perform better than those in states that award top grades to a lower proportion of schools. Among the states we reviewed, Arizona awarded the highest proportion of top grades to its schools, while Connecticut awarded the lowest proportion. Despite awarding top letter grades to a substantially higher proportion of schools (77.7% in Arizona compared to 39.8% in Connecticut), Arizona students performed worse than Connecticut students on the NAEP, indicating that states with more top-rated schools do not necessarily have higher levels of student achievement. As such, the discussion about Connecticut helps to illustrate the variation in states' school accountability systems and their resultant school ratings.

▶ **State Board misconstrues the report's use of national student proficiency data for comparisons of states' school accountability systems**

The State Board's response disagrees with the report's use of NAEP student proficiency data. During the audit, the State Board indicated that NAEP data was a common measure for comparing students' academic achievement across states. The State Board's response correctly states that the NAEP "was not designed to assess accountability systems." However, as used in the report, the NAEP provides a comparable measure of student achievement across states to provide context for the grades other states award their schools, which is consistent with NAEP's purpose. The report also uses NAEP data to illustrate that school accountability systems are not uniform in how they recognize student achievement. Specifically, the NAEP provided a means of considering whether students in states with the highest percentages of top-rated schools demonstrated higher levels of proficiency, which is how we used that information in the report.

▶ **State Board's assertion that student proficiency is the largest contributing factor to overall school ratings is not supported by the analysis it provided during the audit**

The State Board's response provides information about the proficiency indicator used in the A–F letter grade system that requires clarification. Specifically, the response states "Per data provided by the Department and the Board, the proficiency indicator is the largest factor contributing to overall school ratings."

During the audit, we met several times with Department and State Board staff to discuss their analysis supporting that proficiency was the largest factor contributing to overall school ratings. During these meetings, we expressed concerns with the analysis, primarily that the Department's and State Board's analysis used the underlying composite score (e.g., how many points a school earned in total) rather than the resultant letter grade to assess proficiency's impact. During our discussions, both Department and State Board staff appeared to acknowledge the limitations of their analysis and their understanding of

the concerns we identified. However, neither the Department nor the State Board provided updated or additional analysis that sufficiently addressed our methodological concerns pertaining to the impact of proficiency on the overall letter grade.

▶ **State Board misrepresents the report’s discussion of traditional A–F grading system cut points**

The State Board’s response argues against the inclusion of information relating to traditional A–F grading cut points, the potential impact of applying them to the State’s school letter grade distribution, and whether the public interprets letter grades in accordance with the traditional cut points as described in the report. We were aware of the State Board’s concerns and clearly state in the report that we do not recommend adopting traditional grading cut points for the State’s A–F letter grade system. However, as readers may interpret the State’s A–F letter grades in accordance with traditional A–F cut points, we provided information about how the State-wide distribution of letter grades would change if these cut points were to be adopted. Report recommendations to the State Board focus on reducing potential confusion and better informing the public about what each letter grade represents in terms of school performance, including by updating its published A–F letter grade definitions and the School Report Card website.

DEPARTMENT RESPONSE

The subsequent pages were written by the Department to provide a response to each of the findings and to indicate its intention regarding implementation of the recommendations resulting from the audit conducted by the Arizona Auditor General.



ARIZONA DEPARTMENT OF
EDUCATION

June 16, 2026

Lindsey A. Perry, Auditor General
Arizona Auditor General
2910 N. 44th Street, Ste. 410
Phoenix, AZ 85018

Dear Auditor General Perry,

Thank you for allowing our respective staffs to work together to reach consensus on the findings of the A-F Accountability System audit. We appreciate the auditors' recognition of the extensive work the Arizona Department of Education (ADE) has done during my time in office to refine the system according to statute.

After careful review of the revised recommendations, I am happy to report that the audit findings are consistent with the internal work ADE has identified, and the Department accepts the audit findings as written. The final analysis has been completed by my office and the revised written responses have been provided in a separate document. My staff and I are grateful for the opportunity to collaborate with your team on ways to enhance accountability measures for Arizona schools.

Sincerely,

Tom Horne Superintendent of Public Instruction

Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools, limiting its usefulness in providing public information about schools' achievement.

Department response: The Auditor General's finding is agreed to.

Response explanation: The Department concurs with the explanations the State Board provided in response to Finding 1 of the report.

Work with the Committee to determine adjustments to the current letter grade system for State Board approval to address issues including:

Recommendation 1: Revising the definitions for each letter grade to more accurately reflect what each letter grade represents in terms of actual school performance.

Department response: The audit recommendation will be implemented.

Response explanation: The current system was designed before Superintendent Horne was elected in 2022. When he took office in 2023, he saw the defects in the system and started the process for making change. The department was working on major changes well before the auditor general looked at the system. The State Board of Education has policy authority for determining the definitions and characteristics of letter grades. The department will provide technical assistance to accomplish any revisions.

Recommendation 2: Evaluating the measurement scales and grading criteria for each of the letter grade system indicators and determining what updates, if any, are necessary to more accurately reflect school performance. Upon making its determination, document its determination and the rationale supporting its determination.

Department response: The audit recommendation will be implemented.

Response explanation: Since 2023, the Department has reviewed and analyzed the accountability system's functionality. We have documented and published our findings. We have worked with the State Board over the past year, conducting public study sessions, discussing concerns and outlining solutions. Over the past year, we have met at least monthly to work with Technical Advisory Committees, and the State Board to develop refined measures. We also regularly meet with stakeholder groups to provide training and updates, and to solicit feedback.

Recommendation 3: Reviewing other state practices and school accountability recommended practices and determining what updates, if any, are necessary to accurately measure school performance. Upon making its determination, document its determination and the rationale supporting its determination.

Department response: The audit recommendation will be implemented.

Response explanation: Department staff participate at least three times per year in national Accountability Systems and Reporting convenings. The collaborative meetings provide opportunities to learn from national experts on accountability best practices,

requirements, and research. We exchange ideas and processes with accountability professionals from around the country. Department representatives have been invited to present nationally regarding our practices in code development, federal accountability, and accountability considerations in a school choice environment.

Recommendation 4: Upon determining what adjustments to the letter grade system are necessary to more accurately measure school performance, with the Committee recommend revisions to the State Board for approval.

Department response: The audit recommendation will be implemented.

Response explanation: The Department, State Board of Education, and Technical Advisory Committees (TACs) have already made significant progress in implementing system revisions. In recent months, the TACs have reviewed and recommended improved metrics. The board has approved a new framework, establishing a process that sets proactive, data-informed goals and includes indicators that are aligned with increased student achievement. The revisions will also assign grades to each indicator of the system, providing greater clarity about the specific outcomes achieved at each school .

Recommendation 5: Develop and implement processes to regularly monitor and validate schools' self-reported information considered as part of their letter grades, such as the information reported for the CCRI, to ensure it is accurate and complete.

Department response: The audit recommendation will be implemented.

Response explanation: The Department agrees with this recommendation. The Department will refine the formal, documented validation process for all school-reported letter grade data, define roles and responsibilities, and supervisory checkpoints — ensuring consistent execution regardless of staffing changes.

Finding 2: Although statutorily required since 2018, Department and State Board have not issued letter grades for the indicators that make up overall school letter grades, and did not ensure the Committee complied with open meeting laws between 2018 and June 2023, limiting public transparency

Department response: The Auditor General's finding is agreed to.

Response explanation: The Department concurs with the explanations the State Board provided in response to Finding 2 of the report.

Recommendation 6: Work with the Committee to develop a methodology and performance criteria for individual indicator letter grades as required by A.R.S. §15-241(G) and recommend them to the State Board for approval.

Department response: The audit recommendation will be implemented.

Response explanation: The Department, Board, and Committees are finalizing revised methodologies for Board Approval. The Board has already approved a system

framework with mechanisms to set proactive data-informed goals and cut points, aligns indicators to student achievement, and better distinguish performance among. The refined metrics will provide clearer, more actionable information to the many people who use them.

Recommendation 7: Upon the State Board's approval, implement the individual indicator letter grade methodology to annually determine statutorily required indicator letter grades for schools.

Department response: The audit recommendation will be implemented.

Response explanation: Pending Board approval, the Department can implement Indicator Letter Grades as soon as November 2027, based on the 2026-2027 school year that begins in August 2026. The November 2026 letter grades are based on the results of the testing and school actions that took place in the 2025-2026 school year.

Recommendation 8: In coordination with the State Board, as necessary, ensure the Committee continues to comply with the State's open meeting laws, including holding public meetings, and posting notices, agendas, and minutes as required by statute.

Department response: The audit recommendation will be implemented.

Response explanation: The Department and State Board have held open Committee meetings since 2023.

STATE BOARD RESPONSE

The subsequent pages were written by the State Board to provide a response to each of the findings and to indicate its intention regarding implementation of the recommendations resulting from the audit conducted by the Arizona Auditor General.



Arizona State Board of Education

1700 W. Washington Street
Executive Tower, Suite 300
Phoenix, Arizona 85007
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June 15, 2026

Lindsey Perry, Auditor General
Arizona Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Auditor General Perry,

The Arizona State Board of Education (Board) appreciates the opportunity to work with your team and to respond to this audit report. The Board is committed to effectively and efficiently administering Arizona's A-F School Accountability System. The Board is especially pleased that the feedback from the audit team and report aligns with the comprehensive, methodical, and transparent revision process to the A-F system the Board and Arizona Department of Education began eighteen months ago.

The Board is grateful for the work done by our respective agencies and the Technical Advisory Committees to revise the A-F system to improve student outcomes.

Thank you,

A handwritten signature in cursive script that reads "Katherine Haley".

Katherine Haley
President, Arizona State Board of Education
1700 W. Washington St., Third Floor
Phoenix, AZ 85007

President: Katherine Haley • Vice President: Dr. Scott Hagerman
Superintendent of Public Instruction: Tom Horne
Jason Catanese • Dr. Jacqui Clay • Dr. Jose Luis Cruz Rivera • Todd
Haynie • Karla Phillips-Krivickas
Executive Director: Sean Ross

Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools, limiting its usefulness in providing public information about schools' achievement.

State Board response: The Auditor General's finding is agreed to.

Response explanation:

1. Acknowledgement of Elements of the Audit Report: Finding 1

- a. Report Recommendations: While this response addresses elements in the body of the A-F Audit Report with which the State Board (Board) disagrees, the Board feels it is important to state that it is receptive to the formal recommendations made in the report, as they align with the Board's current extensive, transparent, and methodical revision of the A-F School Accountability System begun over a year ago.
- b. Recognition That the Board Created the A-F System Called for in State Statute: The passing of SB 1430 in 2016 required the Board to create a new A-F system that focused on school performance across multiple measures. While the report identifies key areas where the current system is in need of revision and recalibration, which the Board and Arizona Department of Education (Department) are addressing in their comprehensive revision process, the Board appreciates that the report acknowledges that the system itself is designed in accordance with state law.
- c. Recognition of the Board and Department A-F Revision Process: As post-COVID trend data became available, the Board, the Department, and the Technical Advisory Committees (TAC) recognized the need to revise the overall summative letter grade system and designed and implemented a comprehensive and transparent revision process that will culminate in the advent of indicator scoring, an examination and possible resetting of cut scores, and an examination and possible recalibration of the weights of indicators within the system. The Board appreciates the report's acknowledgement that this revision process was initiated by the Board and Department and addresses/will address the majority of the concerns raised in the report.
- d. Recognition of the Board and Department A-F Revision Process and the Implementation of Indicator Scoring: The report lists the statutory requirement for the Board and Department to assign individual grades for the primary indicators of the A-F system, in addition to a summative letter grade. The Board and Department appreciate the report's acknowledgement that the Department's School Report Card webpage provides key information. Additionally, the Board appreciates the report's acknowledgement that the A-F revision process currently in process by the Board and Department is designed to evaluate each indicator, revise the way the indicator is evaluated both individually and within the summative system, and provide letter grades for each indicator for forthcoming letter grade releases.
- e. Recognition That Arizona's A-F Letter Grade System Is Similarly Structured to Other State Systems and Has Cut Scores In the "Middle Range" Among States: While the report identifies key areas where the current system is in need of revision and recalibration, which the Board and Department are addressing in their comprehensive revision process, the Board appreciates the report's recognition and provision of data to illustrate that Arizona's A-F system is similar in structure to those of other states and that the cut scores for the system established by the Board are in the "middle range" of cut scores from states across the country (Report pp. b-7 - b-8).

- f. Suggestions of Key Ideas for Revision to the A-F System for Consideration: The report identifies some key ideas for revision to the system that the Board, Department, and the TAC will consider as part of its comprehensive and methodical revision process, including reevaluating the weights of indicators within the system and the removal of bonus points.
2. Board and Department Response: Specific Concerns With the A-F Audit Report - Finding 1:
- a. Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools...
 - b. Board Response: 82% of A Schools Scored Above the State Average for Proficiency
 - i. Report Language: "Because of the substantial variation in student proficiency among high schools with A letter grades, we looked more closely at whether A-rated schools consistently demonstrated the characteristics defined by the State Board, including whether their performance was "significantly higher than State average." We found that many A-rated high schools did not appear to meet this standard (Report pg. 10)."
 - ii. Board and Department Response:
 - 1. Based on information/data provided by the Department and Board to the Auditor General, the number of A schools meeting or exceeding the state average in proficiency (ELA and Math aggregate) is 82.2%. This illustrates that the vast majority of A schools are performing above the state average in proficiency.
 - c. Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools...
 - d. Board Response: The Comparison of High Schools In Table 4 Does Not Represent the Average for A Schools
 - i. Report Language: "State's letter grade system does not clearly communicate school performance to the public because it deems most schools as excellent or highly performing, including some that do not appear to meet this criteria (Report pg. 10)."
 - 1. Table 4 (pp. 11-13)
 - ii. Board and Department Response:
 - 1. Based on information/data provided by the Department and Board, the number of A schools meeting or exceeding the state average for Proficiency (ELA and Math aggregate) is 82.2%. This illustrates that the vast majority of A schools are above the state average in proficiency. While the schools in Table 4 demonstrate a wide range of earned points for A schools, they do not accurately represent the average A school.
 - 2. The ability for a school to earn an A based on multiple measures is reflective of the system called for by the Legislature in A.R.S. § 15-241.
 - e. Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools...
 - f. Board Response: The Report Does Not Fully Explain the Differences Between the State and Federal Accountability Systems
 - i. Report Language: "Additionally, 48 K-8 schools with A and B letter grades in 2025 were targeted for the federal school accountability system's highest levels of intervention, which are intended to increase student academic achievement and close achievement gaps" (Report, pg. 14).

- ii. Board and Department Response:
 - 1. The federal and state accountability systems are separate systems with separate measures and separate intended uses.
 - 2. Under the federal accountability system, a school may be identified for targeted support if a single student subgroup—out of 13 possible subgroups—is underperforming. Because subgroup performance represents a limited portion of the overall state letter grade calculation, a school may still earn a higher letter grade while simultaneously being identified for targeted assistance for a single subgroup. As a result, a school's designation for school improvement does not necessarily reflect overall school performance and may occur even when the broader student population is demonstrating satisfactory outcomes across the accountability measures.
 - a. Per data from the Department, the 48 schools cited by the report are each in school improvement because of subgroup performance.
- g. Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools...
- h. Board Response: The Report Presents a Misaligned State Comparison to CT and Mistakenly Uses NAEP As An Evaluation of the A-F Letter Grade System
 - i. Report Language (Report pp. 16-17 and Figure 1):
 - 1. For example, Connecticut awarded the lowest proportion of top grades to schools among the states we reviewed, but its grade 8 students' NAEP math and reading assessment scores were significantly higher...(Report pp. 16-17 and Figure 1)."
 - ii. Board and Department Response:
 - 1. The CT comparison is misaligned with AZ in the structure of its state rating system, geography, per pupil funding, economic dynamics, and in student population. Further, CT does not use a comparable letter grade system to Arizona, instead using a categorical system, and thereby is not a valid direct comparison state to AZ. The report does not explain how the two states and systems are comparable.
 - 2. The report uses NAEP proficiency rates to suggest Arizona awards a high number of A and B grades relative to student outcomes. However, NAEP is a separate national assessment and is not used to assign school letter grades.
 - a. There is no research provided to support a connection between school letter grades and achievement on NAEP. Although NAEP provides a common measure of student achievement across states, it was not designed to assess accountability systems. There is no established research evidence provided demonstrating a relationship between state accountability models and NAEP performance.
 - b. The NAEP assessment is solely a measure of proficiency of standards established by NAEP, not a system that measures school achievement across multiple measures as called for in state statute.
- i. Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools...
- j. Board Response: The Proficiency Indicator Has the Largest Impact In the System and the Majority of A Schools Earned the Majority of Proficiency Points Available

- i. Report Language: “School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools, limiting its usefulness in providing public information about schools’ achievement (Report pp. 17-19).”
- ii. Board and Department Response:
 - 1. Per data provided by the Department and Board, the proficiency indicator is the largest factor contributing to overall accountability outcomes.
 - a. Schools that earn an A continue to earn a substantial portion of the available proficiency points.
 - i. In 2025, traditional K-8 schools earning an A averaged 76.5% of available proficiency points (23/30).
 - ii. In 2025, traditional 9-12 schools earning an A averaged 69.9% of available proficiency points (21/30).
 - 2. Using the report’s benchmark of earning at least 24 out of 30 proficiency points, 212 of 476 A-rated K-8 public schools (44.5%) earned at least 24 proficiency points. Among 9-12 schools, 34 of 122 A-rated schools (27.9%) met the same benchmark.
 - a. These results demonstrate that while proficiency remains a meaningful component of the accountability system, schools earning an A are also demonstrating strong performance across other indicators included in statute, such as growth, graduation rate, CCRI, acceleration readiness, and English learner outcomes.
 - 3. The ability for a school to earn a grade based on demonstrated performance across multiple measures is reflective of the system called for in state statute.
 - 4. While Proficiency plays a key role in the current system, the Board acknowledges the report’s concern about the current correlation between proficiency rates and school letter grades. The Board and Department’s goal is always to work towards improved student outcomes.
- k. Finding 1: School letter grade system developed by the Department and approved by the State Board obscures key performance differences between schools...
- l. Board Response: The “More Traditional Scoring Structure” Presented in the Report Is Unsupported By Research, Data, and Widespread Use In Other States
 - i. Report Language: However, recommended practices indicate that traditional A-F letter grades provide for increased transparency because they are familiar to parents, students, and other stakeholders. Since parents and stakeholders are likely familiar with the traditional A-F cut points and may believe the State’s letter grade system uses these cut points to assign letter grades to schools, we evaluated how the proportion of schools with A and B letter grades would change if the State Board were to adopt traditional A-F cut points.
 - ii. Board and Department Response:
 - 1. The report’s reference to “more traditional grading scale” is not supported by the data or research cited in the report. While the report states that A-F letter grades are familiar to parents, students, and other stakeholders, the cited research does not establish that the public universally interprets letter grades using specific percentage cutoffs.

- a. None of the referenced materials on recommended practices establish a national standard requiring statewide accountability systems to mirror “traditional” classroom grading scales. Rather, the accountability literature focuses on meaningful differentiation, multiple measures, subgroup performance, growth, transparency, and rigor within statewide systems.
2. Notably, the ExcelinEd accountability guidance cited in the report does not prescribe “traditional” classroom-style cut scores as a best practice. Instead, it recommends that states “establish rigorous criteria, with automatic increases, to earn *A, B, C, D* and *F* grades” (p.2).
3. The report does not provide sufficient research-based justification, as required by statute, for using “traditional” classroom grading cut points as a benchmark for evaluating Arizona's accountability system, particularly given the lack of a universally accepted grading structure across all schools.
4. Appendix B of the draft report indicates that Arizona’s cut scores are in the “middle of the range among other states” reviewed by the AG.
5. Only one state in the nation (AL) uses what the report presumes to be this ‘typical cut grading scale’ system.

Recommendation 1: Upon receiving recommended revisions to the letter grade system from the Department and Committee, consider and take formal action in a public meeting to adopt or not adopt the Department’s and Committee’s recommendations.

State Board response: The audit recommendation will be implemented.

Response explanation: The Board values its relationship with the Department and Committee and actively votes to seek and consider guidance from both when considering changes to the A-F system. Both the Department and the Committees are key parts of the A-F revision process begun by the Board over a year ago.

Recommendation 2: Review and update publicly available information about the letter grade system to ensure it is up to date and accurate, including updating its A–F letter grade definitions to more accurately reflect what each letter grade represents and updating the School Report Card website to accurately reflect that up to 9 bonus points are available to high schools under the currently adopted letter grade system.

State Board response: The audit recommendation will be implemented.

Response explanation: Over a year ago, the Board implemented a revision process for the A-F School Accountability system that actively involves input from the Department and the Technical Advisory Committees. This revision process includes public reviews of each indicator, the system as a whole, the weights of the system, and the cut scores for the system. As part of the revision process, the Board will update the descriptions for each letter grade, reflecting what each represents. The Board will work with the Department to update the currently published information about the current status of Bonus Points.

Finding 2: Although statutorily required since 2018, Department and State Board have not issued letter grades for the indicators that make up overall school letter grades, and did not ensure the Committee complied with open meeting laws between 2018 and June 2023, limiting public transparency.

State Board response: The Auditor General's finding is agreed to.

Response explanation:

1. Acknowledgement of Elements of the Audit Report: Finding 2
 - a. Recognition That Ambiguity in State Statute Contributed to Confusion With TAC Meetings and Open Meeting Law Requirements: The report identifies a concern that TAC meetings were overseen by the Board from 2016-2018 and followed Open Meeting Law. However, in 2018, the decision was made to have the Department oversee these meetings. It was believed that the meetings were not subject to Open Meeting Law at this time due to the lack of clarity in statute. In July 2023, the Board began to oversee the TAC meetings once again and all TAC meetings have met the requirements of Open Meeting Law since that time. The absence of clarity in statute is recognized by the report, which states "Our analysis similarly did not identify any statutory provision specifying which entity was responsible for the Committee's activities. (Report pg. 28)" The Board appreciates the recognition that issues in the structure of these meetings were due in large part to a lack of clarity in statute.

2. Board and Department Response: Specific Concerns With the A-F Audit Report - Finding 2:
 - a. Finding 2 - Although statutorily required since 2018, Department and State Board have not issued letter...
 - b. Board Response: The COVID-19 Pandemic Significantly Impacted the Timeline for the Development and Implementation of Indicator Scoring
 - i. Report Language: Although statutorily required since 2018, Department and State Board have not issued letter grades for the indicators that make up overall school letter grades, and did not ensure the Committee complied with open meeting laws between 2018 and June 2023, limiting public transparency
 - ii. Board and Department Response:
 1. The Board acknowledges that it is out of compliance with the implementation of indicator scoring. For context, the redesigned system called for in SB 1430 was implemented in 2017. That provided only two years of school letter grade data prior to the advent of the COVID-19 pandemic. Letter grades were not issued for 2019/2020 or 2020/2021 school years. This means that 2023/2024 was the first year the Board and Department had trend data (three years or more) from the system. Upon reviewing that trend data, the Board identified the need for revision to the summative system and began its formal revision process, which will culminate in the development and implementation of indicator scoring.
 - c. Finding 2 - Although statutorily required since 2018, Department and State Board have not issued letter...
 - d. Board Response: The TAC meetings have been held as open meetings since July 2023 and will continue to be moving forward.

- i. Report Language: Department failed to ensure the Committee complied with State open meeting laws for several years prior to July 2023 (Report pg. 28).”
- ii. Board and Department Response: The meetings of the Technical Advisory Committees have followed Open Meeting Law since July 2023 and will continue to do so moving forward.

Recommendation 3: Upon receiving a recommended methodology and performance criteria for individual indicator letter grades from the Department and the Committee, consider and take formal action in a public meeting to adopt or not adopt the Department’s and Committee’s recommendations.

State Board response: The audit recommendation will be implemented.

Response explanation: The Board values its relationship with the Department and Committee and actively votes to seek and consider guidance from both when considering changes to the A-F system. Both the Department and the Committees are key parts of the A-F revision process begun by the Board over a year ago.

Recommendation 4: Ensure the Committee continues to comply with the State’s open meeting laws, including holding public meetings, and posting notices, agendas, and minutes as required by statute.

State Board response: The audit recommendation will be implemented.

Response explanation: Since July 2023, the Board has overseen all meetings of the A-F Technical Advisory Committees and has met the requirements of Open Meeting Law. The Board will continue to oversee TAC meetings, all of which will meet Open Meeting Law.