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July 10, 2013

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** Sarah Amador-Guzman

**RE: STAFF REPORT: A-F SCHOOLS GRADING SYSTEM: BACKGROUND**

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**Introduction**

Enacted in 2011, the *A-B-C-D-F Schools Rating Act* created a new public school accountability system that, beginning in school year 2011-2012, was to operate in addition to, and separate from, the existing Adequate Yearly Progress (AYP) system created in state and federal law.

Among its provisions, the legislation requires that:

- all public schools be graded annually on an A-F scale<sup>1</sup>;
- the grading scale for elementary and middle schools include factors such as student proficiency and growth, as well as growth of the lowest 25<sup>th</sup> percentile of students;
- the grading scale for high schools include additional academic indicators such as high school graduation rates and growth in those rates;
- parents of a student in a public school rated F for two of the last four years have the right to transfer the student to any public school in the state or continue schooling through the statewide cyber academy; and

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<sup>1</sup> Bureau of Indian Education schools, private schools, and home schools are exempt from the school grading requirements.

- the Public Education Department (PED) ensure that a local school board or charter school governing body is prioritizing the resources of a public school rated D or F until the school earns a grade of C or better for two consecutive years.

While the overall A-B-C-D-F (A-F) grading system is prescribed in law, the details and many of the substantive provisions are in PED rule, first promulgated in December 2011 and then revised in May 2012. As discussed more fully below, during the 2012 interim, PED used this grading system to issue two sets of school grades: preliminary grades on January 10, 2012 and final or official grades on July 9, 2012.

Throughout the 2012 interim, the Legislative Education Study Committee (LESC) heard testimony about the A-F grading system, as provided both in law and in PED rule. This testimony addressed:

- basic provisions;
- the calculation of the school grades: a review of technical material and resources;
- preliminary, final, and post appeal school grade for school year 2011-2012;
- the A-F grading system instructional audits; and
- issues and questions in general.

The report concludes with the section, *2013 Legislative Session*, which includes a summary of all legislative actions taken on this topic.

## **Basic Provisions**

Citing language in the department’s request for flexibility under the *No Child Left Behind Act* (NCLB) (referenced in “Waiver of Certain Provisions of the federal *No Child Left Behind Act*,” p. 2), testimony by LESC staff explained the premise of the school grading system. Staff testimony further explained that PED had replaced the NCLB term “annual measurable objectives” with the term “school growth target” and defined the goal as the 90<sup>th</sup> percentile of current performance. In addition, PED’s waiver request indicates that schools will be measured against each other: “a target that aims for every school to be an ‘A’ creates a meaningless measure that loses its ability to differentiate among schools’ performance. Therefore, the A-F grading system . . . differentiates between schools in terms of relative performance and also sets long-term goals of student performance.”

Additionally, LESC staff testimony illustrated in detail a number of provisions in PED rule that are not included in state law, among them:

- the use of specific measures of college readiness, such as the Accuplacer placement test, the SAT, and the International Baccalaureate program, as well as “other measurements approved by PED”;
- the creation of a “Supplemental Accountability Model” for schools that meet prescribed criteria for a modified accountability calculation;
- the use of a value-added model (VAM) for calculating a school’s grade<sup>2</sup>; and

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<sup>2</sup> As revised in May 2012, PED rule defines the value-added model (VAM) as “estimating conditional school growth and conditional status, where ‘conditional’ refers to taking student background characteristics into account.”

- the specific indicators, weighting, and the grade point scale used to constitute a school’s grade, as detailed in the next section of the report.

Another basic point that staff testimony addressed was the differences between the A-F grading system and the AYP school accountability system still in state law despite the federal waiver. An initial question was whether schools in New Mexico are subject to two accountability systems; and a recurring question was when, or whether, PED would calculate AYP as required under state law (referenced in “Waiver of Certain Provisions of the federal *No Child Left Behind Act*,” p. 2).

### **The Calculation of the School Grades: A Review of Technical Material and Resources**

With requests for a meeting with PED staff still pending, in July 2012, LESC staff reviewed several sources of information available on the PED website, including the *New Mexico School Grading Technical Guide*, in an effort to provide the committee with an overview of the calculation of grades for elementary, middle, and high schools. In addition to a wide range of details, LESC staff reviewed the six indicators that contribute to elementary and middle school grades and the point values assigned to those indicators:

1. current standing (40 points);
2. school growth (10 points);
3. growth of highest performing students (20 points);
4. growth of lowest performing students (20 points);
5. opportunity to learn (10 points); and
6. student and parent engagement bonus points (up to 5 bonus points added to the final grade).

For high schools, this testimony continued, seven indicators contribute to a school’s final grade:

1. current standing (30 points);
2. growth of highest performing students (15 points);
3. growth of lowest performing students (15 points);
4. graduation (17 points);
5. career- and college-readiness (15 points);
6. opportunity to learn (8 points); and
7. student and parent engagement bonus points (up to 5 bonus points added to the final grade).

Additionally, a review of the point scale used to determine the grades was also discussed, as illustrated in the table below.

<b>GRADE POINT SCALE</b>	
<b>Points</b>	<b>Grades</b>
75.0-100.0	A
60.0-74.9	B
50.0-59.9	C
37.5-49.9	D
0.0-37.4	F

This testimony concluded that:

- schools appear to be graded on a curve based upon how they perform relative to the state average; and
- the growth points that a school generates in a given year are dependent on school growth as compared to the state average for growth.

Additional testimony came from the Coalition for Excellence in Science and Math Education, which had conducted an independent analysis of PED's *School Grading Technical Guide*. This analysis raised a number of issues that resulted in recommendations to improve the existing PED manual, such as:

- having the document peer-reviewed by educational statisticians;
- defining the methodology in a complete and clear manner; and
- allowing school districts to use a simpler VAM.

Later in the interim, LESC staff testified that among the provisions in the technical guide was information regarding the states adoption of the Common Core State Standards (CCSS) and active participation in the Partnership for Assessment of Readiness for College and Careers (PARCC) consortium of states. It highlighted that when the PARCC assessments are implemented (although the underlying framework of school grades calculated on status, growth, and other indicators will remain in place), certain elements of the A-F grading system may have to change based on certain factors, including new assessments and cut scores, and the inclusion of additional grades in high school to calculate growth.

The changes in the technical guide, in order to align the A-F grading system with the adoption of the CCSS and PARCC assessments, resulted in the variances from preliminary grades issued in January 2012 to the final grades issued in July 2012, include:

- elimination of student demographics in the VAM calculation;
- normalization of all indicators to school year 2011-2012 as the base year;
- addition of a student survey in the "opportunity to learn" category;
- six-year graduation rates in the "current standing" calculation;
- a "shared accountability system" used for the "college and career readiness" calculation;
- the addition of a "no cohort" option for qualifying schools;
- use of the "supplemental accountability model" for qualifying schools;
- additional "participation" requirements;
- a "bonus point rubric"; and
- alterations to the methodology in determining "feeder schools."

LESC staff also reported that participation rates were calculated for all schools to ensure that schools and districts test at least 95 percent or more of their students enrolled in tested grades, as well as 95 percent of students performing in the bottom quartile. For schools that fail to meet the 95 percent threshold for participation, the department rule states that the overall grade is to be reduced by one letter grade.

By November, staff testified that these factors and others had been included in a school calculator that PED issued to school districts, giving them the ability to determine how their

school grades were calculated. In the meantime, PED staff continued work to create an online calculator for public use on the department website.

## **Preliminary, Final, and Post Appeal School Grade for School Year 2011-2012**

### ***Preliminary School Grades***

Preliminary A-F school grades, released in January 2012, showed that approximately 64 percent of schools earned a grade of A, B, or C, while 36 percent received grades of D or F. The grades were based on:

- student data from school years 2008-2009, 2009-2010, and 2010-2011;
- graduation rates from four-year and five-year cohorts; and
- student data from reading and math standards-based assessments.

### ***Final School Grades***

After the final official school grades were issued in July, reflecting the changes noted above, LESC staff testimony compared the preliminary grades with the final ones. While there was little difference in the number of B and C grades, there were larger differences in the other grades: the comparison of preliminary with final grades showed that 34 fewer schools received an A (a 47 percent reduction), 46 more received a D (a 23 percent increase), and 19 fewer received an F (a 22 percent reduction).

### ***Appeals***

The July 3, 2012 memorandum from the Secretary-designate of Public Education that announced the availability of the final school grades (embargoed until July 5, 2012) also advised school administrators that they could appeal school grades, under certain prescribed conditions. At the time of the testimony, August 22, 2012, the Secretary-designate said that PED had received a total of 74 appeals, some of which were still under review. The department in testimony stated that it had approved approximately one-third of the appeals, resulting in 15 higher grades, one lower grade, and the rest unchanged. LESC staff prepared the table below, illustrating the difference in grade allocations from the preliminary, to official, to the post appeal grades.

<b>NEW MEXICO 2012 SCHOOL GRADES SUMMARY</b>						
<b>Letter Grade</b>	<b>Post Appeals Grade</b>		<b>Final Grade</b>		<b>Preliminary Grade</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
<b>A</b>	41	4.9%	39	4.7%	73	8.8%
<b>B</b>	203	24.4%	197	23.6%	191	23.0%
<b>C</b>	273	32.8%	275	33.0%	266	32.1%
<b>D</b>	250	30.0%	250	30.0%	204	24.6%
<b>F</b>	64	7.7%	69	8.3%	88	10.6%
<b>UNKNOWN</b>	2	0.2%	3	0.4%	7	0.8%

Also in August, LESC staff testimony presented results of an email survey sent to all superintendents, state charter school administrators, and regional education cooperative directors to solicit their views on the appeals process. Among their suggestions, respondents requested that PED:

- provide descriptions or examples of A, B, C, D, or F schools, and a list of actions that schools can take to improve their grade;
- supply additional information, particularly on school grade calculations;
- issue embargoed grades during the school year so that staff is available to file appeals;
- embargo the grades until all appeals have been resolved and data have been reviewed for accuracy; and
- form a committee of external experts to conduct an independent review of the appeals, rather than allowing the same staff members that issue the grades to conduct the appeals.

### ***District Concerns***

Finally, also entered into committee testimony was a letter from the Superintendent of Rio Rancho Public Schools, detailing district concerns over a number of aspects of the school grading system and making a number of recommendations, among them:

- more guidance from PED to make the A-F school grading system understandable and useful; and
- a focus on the expenditure of district resources to improve instruction rather than trying to understand the grading system.

### **The A-F Grading System Instructional Audits**

Even though they are mentioned in neither law nor rule, PED required instructional audits of more than 300 schools that had received a grade of D or F or that had been designated as a Focus or Priority school (in terms of the NCLB waiver; see p. 2). LESC staff testified that the purposes of the audits, according to the instructional audit handbook, were:

- to help D, F, Focus, and Priority schools identify problems related to the systems that support effective instruction, which are or are not in place in the school; and
- to provide the school the opportunity to address these problems, with the ultimate goal of improving student achievement.

The handbook further requires that:

- audit findings be shared with the principal and school leadership team during an exit conference;
- that the superintendent and principal receive a report within 10 to 14 days after the site visit; and
- that the school revise the Web Educational Plan for Student Success to reflect the findings of the audit.

Still citing the handbook, LESC staff further testified that PED is required to audit the Priority and F schools, and districts are required to audit the Focus and D schools. In both cases, the

audit teams comprise three members who, after certain preparations, conduct a three-day on-site audit, performing certain prescribed activities each day. The audit team then drafts the post-visit report.

Additional testimony about the instructional audits came from representatives of three school districts. Among the points raised were that:

- conducting the audits is a difficult task for small school districts with limited staff;
- despite following the template provided by PED, the process was disruptive because it came at the end of a grading period; and
- for large districts, the instructional audits require a great deal of staff work, including additional costs for substitute teachers, explanatory letters and interview consent forms sent to parents, training and background checks, and amended teacher contracts to address extended duty days.

In her response, the Secretary-designate of Public Education testified that PED had conducted 20 regional meetings to address alignment to the new accountability system and had tried to allow the districts more flexibility.

### **Issues and Questions in General**

Testimony on the school grading system throughout the interim raised a number of other points of interest or concern:

- Early in the interim the Superintendents Advisory Council cited a number of issues with the rating system that had been proposed at that time and that remained to be resolved, including the short timeline for implementation and prioritization of resources for school improvement.
- Noting the complexity of calculating school grades under the A-F system, the Center for Education Policy Research at the University of New Mexico identified several points that merit further study to determine how the grading system addresses circumstances beyond a school's control.
- In November, LESC staff testimony reported the details of another aspect of the school grading system: awards made by PED in October to schools graded A and schools recognized as "Top Growth" (that is, those that had increased by two letter grades from January to July). This testimony identified the funding source of the awards for those schools as a general obligation (GO) bond authorized in 2010; and noted that there was some question whether the criteria for the awards align with the criteria for "reward schools" as outlined in the NCLB waivers.

Finally, as committee members discussed the testimony presented throughout the interim, they raised a number of additional points:

- the difficulty of explaining school grades to districts, schools, and the communities, especially considering the demoralizing impact on D and F schools;
- the questionable legality of spending GO bond funds in order to reward Top Growth and A schools when the language approved by the voters indicated that the funds would benefit all schools statewide;

- the possibility of using the New Mexico School Leadership Institute to train school principals to conduct instructional audits;
- the question whether the school grading system properly accounts for such conditions as the high percentages of English language learners, students with reading problems, high truancy rates, and limited teacher professional development; and
- the likelihood that high-performing schools may be punished under this grading system.

## 2013 Legislative Session

Although there was no legislation relating specifically to the NCLB waivers, during the 2013 legislative session, one bill did attempt to clarify the state’s federal waiver for AYP by removing all references to AYP from state law. The bill proposed to align state statute with one of the NCLB waivers, specifically:

- **H 215a, *Remove School AYP & Funding Incentives*, Rep. Roch** – would have amended and repealed multiple sections of the *Public School Code* to remove AYP requirements and associated incentive funding for public schools; and required PED to report to the LESC by the end of 2014 any recommended changes to laws to comport with federal requirements. **(Did not pass)**

Furthermore, a bill was introduced to revamp the A-F grading system by forming a state school grades council, specifically:

- **S 587a, *State School Grades Council*, Sen. Morales** – would have created a 21-member State School Grades Council to: study, make periodic reports, and make final recommendations to the LESC and the Legislative Finance Committee on a new school grading system to be operational in school year 2015-2016; terminate the council after its final report to the LESC by November 2014; provide temporary guidelines that include multiple valid and reliable factors in determining school grades; amend a section of the *Public School Code* to eliminate reference to school grading; repeal the *A-B-C-D-F Schools Rating Act*; and clarify the definition of “standards-based assessments.” **(Vetoed)**

In addition to the proposed legislation listed above there was also a house joint memorial, HJM 29, *LESC A-F School Grading System Study*, that requested the LESC to convene a work group to study the A-F school grading system; it did not pass.

## *Appropriations*

In 2013, the Legislature appropriated \$15.95 million for the 2013 Kindergarten-Three-Plus (K-3) Program. The appropriation included language stating that:

“elementary schools that received a “D” or “F” school grade for the 2011-2012 school year pursuant to the A-B-C-D-F Schools Rating Act shall be eligible to apply for K-3 Plus funds. The Public Education Department (PED) shall ensure applicant schools that meet the high poverty standard defined in Section 22-13-28 NMSA 1978 are prioritized and remaining funds are made available to applicant schools that do not meet the high poverty standard but received a “D” or “F” school grade for the 2011-2012 school year.”

Furthermore, the Legislature appropriated \$4.0 million to PED for interventions in “D” and “F” schools, with the following added language:

“is contingent on the department allocating the funds to schools rated “D” or “F” for the 2012-2013 school year pursuant to the A-B-C-D-F Schools Rating Act. The PED may prioritize funding to school districts that commit to provide matching funds.”

The Legislature also appropriated \$2.0 million to PED under select language to:

“provide stipends to teachers and school leaders to move from schools rated A or B to schools rated D or F pursuant to the A-B-C-D-F Schools Rating Act that serve a high proportion of at-risk students or high-poverty students and to provide stipends to high school teachers of advanced placement classes that increase the proportion of students receiving college credit for advance placement classes. The appropriation is from the separate account of the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004.”