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State Board of Education
Department of Public Instruction

Report to the North Carolina General Assembly

School Performance Grades
SL 2012-142, Sec. 7A.3.(e)(6)

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Introduction

The North Carolina General Assembly's (GA) Session Law 2012-142 included specifications for reporting School Performance Grades (A, B, C, D, and F) for each public school and public charter school. The letter grades for elementary and middle schools are based on test scores from the end-of-grade tests (grades 3-8 mathematics, grades 5 and 8 science, and grades 3-8 English language arts). The letter grades for high schools are based on end-of-course test scores (Algebra I/Integrated Mathematics I, Biology, and English II) and the following additional criteria: (1) 4-year graduation rate, (2) Future Ready Core, (3) college readiness, and (4) career readiness. The indicators for elementary, middle, and high school are consistent with the State Board of Education's (SBE) READY Accountability Model indicators, which were adopted in December of 2011. These indicators represent a consensus between the GA and the SBE: A consensus that calls for raising expectations for all of North Carolina's 1.5 million students and for ensuring every student graduates career and college ready.

Per the law, the North Carolina Department of Public Instruction (NCDPI) will submit an annual report "on recommended adjustments to the school performance grade elements and scales for award of scores and grades" by January 15 each year. The NCDPI submits this report with recommendations in response to this directive, noting the importance of determining School Performance Grades in a way that is meaningful, valid, and transparent.

In preparation of this report and its recommendations, the NCDPI reviewed the specifications of the law with internal technical staff and external stakeholders including local school superintendents, representatives from the Regional Education Service Alliances/Consortia, and the North Carolina Association of School Administrators. As noted in the stakeholder discussions, designating schools with a letter grade of A, B, C, D, or F has an inherent value-system which will send very strong signals to parents and the public about the quality of a school; therefore, an "A" must represent true excellence in student outcomes while, in comparison, an "F" must indicate a serious need to improve.

Also noted by the stakeholders, there is an additional concern for high schools where the letter grade is comprised of indicators other than test scores. Though the indicators are aligned to the common goal of increasing college and career readiness, the overall letter grade is potentially affected by extreme low or high performance on one or more indicators. Meaning, a school could do well in some areas, and yet, that performance may be minimized in the overall grade due to low performance on other indicators. This is similar to a student who does well on several tests and assignments but receives a low final grade due to low grades on a small number of assignments.

To address these concerns, sufficient time must be given to the design of the grading system. In order to ensure comparable reporting with valid grades for all schools: rural and urban, small and large, high performance and low performance, it is necessary to be deliberate in both the development and the implementation. The ABCs Accountability model evolved over time with adjustments as the implementation highlighted the need for changes, a practice that is consistent with other states' efforts to develop accountability models. Oklahoma and Arizona delayed their

school performance grade reports to allow more time for quality control, and Ohio revised its implementation timeline to allow for a transition to the new system over the next three years. For 2012-13 and 2013-14, Ohio will report letter grades on individual indicators; beginning in 2014-15, Ohio will report an overall letter grade.

Thus, the NCDPI submits the following three recommendations:

1. Phase in implementation of the School Performance Grades with full reporting in the 2013-14 school year, allowing the NCDPI time to conduct analyses more thoroughly and to design a system that will ensure meaningful designations.
2. Give the SBE the on-going authority to implement the School Performance Grades as recommended by the technical and statistical NCDPI staff with input from their technical advisors, a group of accountability and testing professionals who are recognized for their technical and statistical expertise and who provide the NCDPI with valuable guidance and direction.
3. Approve the recommended adjustments (discussed in the next section) to the scales and elements as presented in this report.

Discussion of Recommendations

1. Phase in Implementation

Phase in the implementation of the School Performance Grades with full reporting in the 2013-14 school year to provide time to develop the grading system and to ensure a system that is understood and useful to educators and parents. Deliberate implementation is critical to a system that is transparent and valuable to users.

The law specifies a 10-point grading system with each school being designated as an A, B, C, D, or F. With the opportunity to recommend adjustments to the “scales and elements,” the NCDPI has held external meetings with stakeholders and convened internal staff to glean input on an optimal methodology for the grading system and to consider the potential for additional indicators. Given the higher expectations of new content standards and the absence of baseline data for test scores, recommending scale and score adjustments is complex and has some degree of speculation because the new assessments have not been administered. A phase-in approach would allow for a year to collect the actual data and run analyses which would inform decision making. Furthermore, this timeline would respect the accountability standard and the fairness of offering prior notification before implementation.

If the GA chooses to implement the school performance grades in the 2012-13 school year, it should be noted that school performance grades will not be assigned until the new proficiency scores based on the new standards are adopted by the SBE in October 2013. Phasing in implementation with full reporting in the 2013-14 school year allows for baseline data and for reporting in August 2014, prior to the beginning of the school year.

It is anticipated that the new assessments, which are aligned to more rigorous content standards, will have higher achievement standards. Though not unusual, it is difficult to project the state performance data, a factor that has been frustrating for stakeholders as they try to set expectations for their schools in alignment with the School Performance Grades. Likewise, the state is using SAS's Education Value-Added Assessment System (EVAAS) for measuring school growth. While the inclusion of SAS EVAAS's robust growth model into the school performance grade has broad support from the SBE and stakeholders, the SAS analytics are new as a component of school accountability and no draft language was included in the law suggesting how that growth component should be included.

The Session Law was passed by the General Assembly in July 2012, the same month that educators began the 2012-13 school year. This timeline did not allow for thorough dissemination of information on the School Performance Grades to educators, parents, or students. All began the school year knowing there were new content standards (Common Core State Standards and Essential Standards), new assessments in mathematics, English language arts, and science, and the new READY Accountability model. Schools and districts had participated in professional development, preparing them for the changes slated for 2012-13. These sessions were held during the 2011-12 school year and during summer 2012 but they did not include information on School Performance Grades.

The passage of HB 950 in summer 2012 and the charge to return to the GA in January with these recommendations have left schools uncertain as to how their performance grades will be assigned. Good accountability systems establish expectations in advance in order to incentivize the pursuit of the goals of the system. The current implementation timeline for the School Performance Grades did not allow this to happen, and it is now mid-school year and the specifics of the grading system are not finalized.

2. Authority for Continuous Improvement of the System

Regardless of whether the recommendation for a delay is approved, it is important for the SBE to have authority to modify the "scales and elements" of the School Performance Grades. The SBE adopted the indicators for the READY Accountability model, the same indicators specified in the law for School Performance Grades. The SBE has been engaged in designing and implementing the new accountability model for the past three years and is well-informed of the merit and the limitations of the accountability indicators.

The SBE's history with accountability and its inherent requirements for standardization and equity ensure the fruition of a school grading system which will achieve the goal of transparency with validity and meaning. As stated in the law, the SBE would provide an annual report to the GA.

3. Scale and Element Recommendations

Pending approval of this recommendation, the following are submitted as needed adjustments to the law, regardless of the timeline for implementation.

Indicators

Use the indicators, which align to the State Board of Education READY Accountability model indicators, as specified in the law with the option for the SBE to include additional indicators in subsequent years.

Much discussion and input have centered on the possibility of other indicators. It was acknowledged there are not any other indicators that would add value for elementary schools or middle schools. There were several suggestions for the high school grading system: (1) Advanced Placement test scores, (2) International Baccalaureate test scores, and (3) professional certification test scores. These measures are consistent with the college and career readiness focus, but each presents equity issues as students across the state do not have equal access. However, rather than dismiss these indicators, the NCDPI recommends further study regarding possible inclusion at a later date.

Given this, if the delay is not approved, for 2012-13 the recommendation is to calculate school performance grades on the indicators specified by the General Assembly. These indicators incentivize schools to prepare students to be college and career ready, and additional indicators should be held to the same standard as well as implemented in a manner that does not advantage or disadvantage certain schools.

Use the performance composite

For elementary/middle school, calculate the overall school performance grade using the performance composite which weights each assessment proportionally rather than the proposal in the law which would, in effect, weight the 5th and 8th grade science scores, equal to grades 3 through 8 mathematics or grades 3 through 8 English language arts. Without this adjustment, school grades would be disproportionately influenced by science scores and adults might be incentivized to focus on 5th and 8th grade science scores to the detriment of other subjects.

Applying the same reasoning as above, Algebra I/Integrated Mathematics I, Biology and English II would get rolled into the performance composite to prevent one test from being a large influence on a high school's performance grade. Also, this approach will be consistent with the current accountability business rule which includes a student's middle school end-of-course score(s) at the high school the year the respective student is a ninth grader.

Calculation Methodology

To calculate the school performance grades, use the state mean to set the criteria for each indicator and then translate to a point scale for A, B, C, D, and F reporting. The criteria will be static, or fixed, and periodically re-visited. This provides schools an opportunity to demonstrate progress over time.

The first step is to analyze the statewide data to determine, for each component of the School Performance Grades, the state mean, or average performance, and standard deviation. Using the state mean as the center of the distribution, values will be converted to a scale for use in applying letter grades, consistent with a point scale as specified in the Session Law. In order to prevent extreme values for any given component from skewing the final grade, each component will be capped on each end of the scale.

The positive outcomes of this methodology are that it allows for each indicator to be reported based on the true statewide performance of students, increasing the validity of the overall grade. Starting with the state mean as the baseline in year one of calculating school performance grades ensures that the grades will meaningfully differentiate between schools. The relative difficulty of the indicators are, in some cases, unknown at this point (the new EOCs and EOGs). In the cases where the relative difficulty of achieving the standards for each indicator are known, they are quite variable in difficulty. Starting with the state mean to assign points, ensures that the indicators that are easier to achieve will not inflate all schools' grades and indicators that are harder to achieve will not deflate all schools' grades.

Growth

Incorporate growth as a one-step increase in the letter grade for schools that meet or exceed growth expectations as calculated by EVAAS.

North Carolina educators and parents are well aware of the importance of performance, percent of students who meet a set standard, and growth, the characterization of the degree to which schools were able to take students where they started and increase their learning. The General Assembly recognized the value of growth when it included in the law a statement that it intended to include growth.

Given this, the NCDPI recommends increasing a school's grade by one letter grade if the school meets or exceeds growth. For example, a school with a letter grade of C that met growth would have a final letter grade of B.

Special Schools

In the ABCs Accountability model, alternative schools were not given a designation such as School of Excellence or School of Distinction. Rather, alternative schools submitted evidence of locally determined measures to the NCDPI for review in conjunction with student test scores. With this precedent, it is recommended that the current local option for alternative schools continue to be used for 2012-13. Meanwhile, the NCDPI will develop and then propose a new methodology for the 2013-14 reporting cycle. Likewise, K-2 schools with no standardized test data and special education schools with minimal data would also continue with the previous accountability protocol which would be reviewed and recommendations proposed for implementation in 2013-14.

Conclusion

Overwhelmingly, the input from external stakeholders and internal technical staff is to delay the implementation of the School Performance Grades until the 2013-14 school year, while the appropriate data are gathered and analyses are conducted to facilitate the design of a letter grade system that will provide valid and reliable school designations.

North Carolina has a national reputation as a leader in education and in accountability and testing. The SBE has proactively engaged in the development of a new accountability model to raise expectations so students are prepared to be college and career ready. Coupled with this

model is the School Performance Grades. A successful implementation is dependent on time to collect data and conduct analyses as well as inform the public.

Without a thoughtful approach to the school grading system, the letter grade designations will only convolute the public's perception of schools, making it more difficult for parents to have sufficient information to have an active role in their children's education. As with accountability historically, this is one of the primary purposes. By granting a delay with flexibility, the SBE will be in a position to recommend continuous improvement to the school grading system with actual data.