



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

EVALUATION REPORT

Q Comp
Quality Compensation for Teachers

FEBRUARY 2009

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OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

February 2009

Members of the Legislative Audit Commission:

In 2005, the Minnesota Legislature expanded an alternative teacher compensation and professional development program into what is now commonly known as Q Comp. In response to concerns about the program, the commission directed OLA to evaluate how well it is being administered.

We found that the Q Comp application approval process and ongoing oversight of local Q Comp programs have been inconsistent. We make a number of recommendations directed at both the Legislature and the Minnesota Department of Education to improve administration of the program.

Our evaluation was conducted by Judy Randall (manager), David Kirchner, and Mary Robison. The Minnesota Department of Education cooperated fully with our evaluation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nobles". The signature is written in a cursive, flowing style.

James Nobles
Legislative Auditor

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Summary

The Minnesota Department of Education should be more consistent in its oversight and administration of Q Comp.

Major Findings:

- Only 72 school districts and charter schools currently participate in Q Comp (p. 50).
- In fiscal year 2009, the state will allocate an estimated \$49 million to Q Comp participants (p. 16).
- Administrators in Q Comp school districts and charter schools are largely positive about the program; teachers have more mixed opinions (pp. 20-34).
- Both administrators and teachers have more favorable opinions about the professional development component of Q Comp than the salary and performance pay components of the program (pp. 20-34).
- Q Comp's effect on student achievement cannot be adequately measured using existing data (pp. 11-13).
- Reluctance among teachers and concerns about the stability of Q Comp funding were the most frequently cited reasons for schools not to apply to the program (pp. 53-56).
- Although the Minnesota Department of Education's (MDE) Q Comp application approval decisions have been reasonable, applicants have been held to different standards depending on when they applied to the program (pp. 35-45).

- The current 30-day timeline for processing applications and MDE's external review process have compromised the quality of application reviews (pp. 45-47).
- Not all Q Comp participants are subject to regular oversight by MDE (pp. 61-63).

Key Recommendations:

- MDE should develop a process to apply changes in Q Comp requirements to all participating school districts and charter schools (p. 47).
- The Legislature should revise Minnesota statutes to no longer require MDE to review Q Comp applications within 30 days of receipt. Instead, MDE should set two or three application deadlines at specific times during the year (p. 49).
- The Legislature should amend Minnesota statutes to no longer require external application readers to review Q Comp applications. Instead, the application review and approval decision should rest with MDE (p. 49).
- MDE should conduct periodic program reviews of all Q Comp participants (p. 66).

In the 2008-09 school year, the 72 school districts and charter schools participating in Q Comp will collectively receive an estimated \$49 million in state Q Comp funds.

Report Summary

Implemented in 2005, Q Comp is an alternative teacher compensation and professional development system. Q Comp includes performance-based pay, alternative teacher salary structures, on-the-job professional development, teacher evaluations, and additional career opportunities for teachers.

Participating school districts and charter schools are eligible to receive additional revenue of up to \$260 per student. In fiscal year 2009, Q Comp participants will receive an estimated \$49 million in state Q Comp funds.

Participation in the program is dominated by large school districts in the Twin Cities Metropolitan Area. Out of almost 500 school districts and charter schools in the state, only 72 are participating in Q Comp during the 2008-09 school year. Barriers to participation include resistance from teachers and concerns that the Legislature will stop funding Q Comp in the future.

We sent questionnaires to administrators and teachers across the state to learn their opinions of Q Comp. Superintendents and charter school directors in Q Comp schools expressed positive views about the program. Teachers, in contrast, expressed more mixed opinions. Over 80 percent of administrators in Q Comp settings agreed or strongly agreed that Q Comp had improved classroom teaching and will lead to increases in students' performance on standardized tests at their school. Less than half of teachers in Q Comp settings who responded to our questionnaire felt similarly.

Teachers in Q Comp settings expressed more positive views about the program than teachers in non Q Comp settings. However, teachers who responded to our questionnaire, regardless of whether they were in Q Comp settings, had mixed views regarding the effect on their school of reforming the steps and lanes salary schedule.

There is not sufficient evidence to determine the impact of Q Comp on student achievement.

Q Comp is a relatively new initiative. Only 11 school districts and charter schools have participated in the program for three years or more. As a result, there is a limited amount of data available to assess student achievement in Q Comp districts and schools.

School districts and charter schools choose whether to participate in Q Comp. The program's voluntary nature, however, makes it difficult to draw conclusions about the effectiveness of the program. School districts and charter schools that have implemented Q Comp are likely different than those that do not participate in the program. Even if one could show that changes in teacher retention or student achievement were attributable to Q Comp, it is not clear that similar changes would occur if Q Comp were implemented in other districts or schools.

Furthermore, it is difficult to disentangle the effects of Q Comp on student achievement from other initiatives in a school. Any changes in student standardized test scores could be due partly or entirely to the effects of other programs.

The Minnesota Department of Education does not require all participants to comply with current Q Comp standards.

Finally, research on the relationship between student achievement and alternative teacher compensation models similar to Q Comp has not demonstrated a conclusive link.

MDE holds current applicants to different standards than earlier applicants.

MDE has revised its Q Comp application process each year since the program's inception. Because of these changing requirements, Q Comp applicants have been held to different standards depending on when they applied to the program.

For example, one school district that has participated in Q Comp since 2005 did not have schoolwide student achievement goals in its application. However, MDE requires current Q Comp applicants to establish schoolwide goals based on standardized assessments. Teachers' performance pay must be based, in part, on whether these schoolwide goals are met. Another school district that has participated in Q Comp since 2005 only has two (rather than the currently required three) evaluations of each teacher. MDE told us that these participants' applications would not be approved if they were submitted today.

In the meantime, some recent applicants have had to revise their applications or have had their applications rejected because they did not have sufficient schoolwide goals or they did not have at least three teacher evaluations. In cases where these applications were denied, the applicants are not currently eligible for the \$260 per pupil in Q Comp funding. This is in direct contrast to those applicants who entered Q Comp early, are not complying with current MDE

Q Comp requirements, and are receiving the additional Q Comp funding.

While it is reasonable for MDE to revise Q Comp requirements as it gains more experience with the program, MDE does not have a method for holding all participants to its current Q Comp standards. MDE does not systematically review previously approved applications to ensure that all participants meet the current standards. We recommend that MDE develop a process to apply changes in Q Comp requirements to all program participants.

Short timelines and MDE's external review process have weakened Q Comp application reviews.

By law, MDE must convene an application review committee within 30 days of receiving a completed application. MDE has interpreted this requirement to mean that the department must respond to all submitted applications within 30 days of receipt.

The short timeline is problematic when MDE schedules sessions to review Q Comp applications. Department staff said that sometimes the application readers are not able to review the materials before they arrive at the department for an application review session. Additionally, the 30-day timeline makes it difficult for MDE to revise its application requirements because new applications could be submitted at any time.

Minnesota statutes require the use of external application readers in the application review process. We observed review sessions where application readers were not

The Q Comp application review process has several weaknesses.

prepared or missed information presented in a Q Comp application. In one session we observed, it appeared that none of the application readers had read all of the applications being considered that day. In two of the application review sessions we observed, external readers missed key elements provided in the applications.

Different application readers review and comment on different Q Comp applications depending on schedule constraints and other factors. Having different people review Q Comp applications has led to inconsistent expectations for Q Comp applicants. Also, because the external application readers (and not MDE staff) recommend Q Comp applications for approval, technical assistance provided by department staff to Q Comp applicants has at times been limited. MDE staff must anticipate issues that the application readers will identify, which they have done with mixed success.

Some Q Comp participants can choose the amount of oversight they receive.

We recommend that the Legislature no longer require MDE to review Q Comp applications within 30 days of receipt. Instead, the Legislature should require MDE to set deadlines for Q Comp applications at two or three specific times during the year. We also recommend that the Legislature no longer require an external committee to review Q Comp applications. Instead, application review and approval decisions should rest with MDE. The department would have the option to solicit input from external application readers, if it wishes.

MDE does not provide regular oversight of all Q Comp participants.

MDE conducts annual program reviews of most Q Comp participants. These program reviews consist of a visit to the participating school district or charter school by a team of outside evaluators and a document review by MDE staff. The evaluation team typically consists of an MDE representative and two or more representatives from other Q Comp programs. Using a standard protocol developed by MDE, the team evaluates each component of the participant's Q Comp program.

Once a participating school district or charter school has passed two program reviews, it may choose whether to participate in the program review process. These participants essentially customize their review—they can choose to have just a site visit, just a document review, or no review at all. None of the five Q Comp participants that had reached this level chose to undergo any part of the program review process in 2008. MDE also does not conduct program reviews for schools that use the Teacher Advancement Program (TAP) as their Q Comp model. Instead, the department relies on the oversight conducted by the National Institute for Excellence in Teaching, which sponsors the TAP program.

We recommend that MDE conduct periodic program reviews of all Q Comp participants. The department should extend some oversight to all program participants.

Introduction

In 2005, the Minnesota Legislature expanded and substantially revised the state's alternative teacher compensation pilot program. The revised program, proposed by Governor Pawlenty, is commonly called "Q Comp" or Quality Compensation for Teachers. As outlined in law, Q Comp is intended to (1) provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning, (2) help school districts and charter schools recruit and retain highly qualified teachers, (3) encourage teachers to undertake challenging assignments, and (4) support teachers' roles in improving students' educational achievement.¹

In March 2008, the Legislative Audit Commission directed the Office of the Legislative Auditor to evaluate Q Comp. Legislators have had questions about Q Comp since its inception in 2005. In particular, legislators have questioned the consistency of the Minnesota Department of Education's (MDE) Q Comp application approval process. Others have wondered why so few school districts and charter schools participate in Q Comp, especially given the additional funding that accompanies participation in the program. Accordingly, this evaluation addresses the following questions:

- **How do participating school districts and charter schools implement Q Comp, and what alternative compensation arrangements do they have in place? What has been the experience of districts and schools that participate in the program?**
- **Does MDE's process for reviewing Q Comp applications comply with the law? Has the department consistently applied its application requirements?**
- **Why do some school districts and charter schools participate in Q Comp while others do not?**
- **To what extent does MDE oversee school districts and charter schools that participate in Q Comp?**

In order to examine how school districts and charter schools are implementing Q Comp, we reviewed all Q Comp applications submitted to MDE from the program's inception to July 30, 2008. We also visited 20 school districts and charter schools across the state—half of which currently participate in Q Comp. Our review of Q Comp applications and our site visits allowed us to learn more about Q Comp compensation arrangements and look at different choices participants have made in their Q Comp programs.

¹ *Minnesota Statutes* 2008, 122A.414, subd. 1.

Our review of Q Comp applications also allowed us to evaluate MDE's application approval process. In addition, we reviewed MDE's application approval decisions, as communicated through approval or rejection letters sent to applicants. We also attended a training for application readers and observed several application review sessions.

We examined Q Comp participation data to learn more about which school districts and charter schools participate in the program. We also sent a questionnaire to all school districts and charter schools in the state—regardless of their participation in Q Comp—to learn about why they do or do not participate in the program. We received responses from 99 percent of Q Comp participants and almost 90 percent of school districts and charter schools that do not participate in the program.

Using our site visits and questionnaire responses, we were able to examine stakeholders' opinions about Q Comp. In addition to the questionnaire we sent to school districts and charter schools, we mailed a questionnaire to 1,046 teachers across the state. Half of the questionnaires (523) were mailed to teachers who taught in Q Comp settings during the 2007-08 school year and half (523) were mailed to teachers who did not teach in Q Comp settings during that same school year. We received responses from 55 percent of the teachers in Q Comp settings and 42 percent of the teachers in nonparticipating school districts and charter schools. We also met with two groups of teachers in Q Comp settings—one from a school district and one from a charter school—to learn more about teachers' opinions of Q Comp.

To evaluate the oversight provided by MDE, we reviewed the department's Q Comp program review, annual report, and goal update files. We observed a day-long program review of a school district's Q Comp program and attended training workshops provided by MDE. We also interviewed department staff and representatives from several different education organizations. Finally, we reviewed Minnesota statutes and the national literature on alternative teacher compensation programs.

Background

In this chapter, we describe the policy context surrounding Q Comp’s adoption, the law passed by the Legislature, and the implementation of the program by the Minnesota Department of Education (MDE). We also discuss the revenue allocated for Q Comp and how this funding has been spent.

POLICY CONTEXT

Q Comp developed in the context of several related education reform efforts. We briefly discuss each of these efforts below before examining the passage of Q Comp in Minnesota.

Education Reforms Influencing Q Comp

Three different sets of education reform proposals that emerged in the 1990s served as the backdrop for the Q Comp program in Minnesota. Each initiative was based on the premise that better teaching leads to increased student learning. However, the three approaches sought to improve teaching in different ways.

The first reform effort focused on training teachers, especially through ongoing professional development. A wave of research in the 1990s suggested that professional development activities were most effective when they addressed how students learn, focused on instructional practices specifically related to the curriculum, drew upon multiple sources of information and data, and involved collaborative work by teachers.¹ One influential innovation was the use of “professional learning communities,” in which groups of teachers worked together to educate themselves about pedagogical best practices.²

The second reform effort addressed the evaluation of teachers. Two nonprofit consortiums—the National Board for Professional Teaching Standards, founded in 1987, and the National Commission on Teaching and America’s Future, founded in 1994—promoted the discussion and development of consistent and objective measurements of teacher performance. “Standards-based” teacher

¹ For summaries of this research, see Anne Lewis, *Revisioning Professional Development: What Learner-Centered Professional Development Looks Like* (National Partnership for Excellence and Accountability in Teaching, 1999); and Holly Holland, “Teaching Teachers: Professional Development To Improve Student Achievement,” *Research Points: Essential Information for Education Policy* 3 (Summer 2005): 1-4.

² See Louise Stoll, Ray Bolam, Agnes McMahon, Mike Wallace, and Sally Thomas, “Professional Learning Communities: A Review of the Literature,” *Journal of Educational Change* 7 (2006): 221-258; and Richard DuFour and Robert Eaker, *Professional Learning Communities at Work: Best Practices for Enhancing Student Achievement* (Bloomington, IN: National Educational Service, 1998).

evaluation systems defined good teaching practices and created standardized evaluations to assess whether those practices were being used in the classroom.³

The third reform effort promoted the use of financial incentives to improve teacher performance. For decades, most school districts in Minnesota and elsewhere have used a “steps and lanes” system for teacher compensation, in which salaries are based solely on educational accomplishments (such as earning additional graduate credits) and the number of years of experience in the classroom. Arguing that these factors were poorly correlated with student performance, a number of reformers called for compensation structures that rewarded teachers when students performed well on standardized tests.⁴

Substantial research has been published on each of these three initiatives, but its value is difficult to assess. Many studies have measured success by tracking teachers’ actions or by assessing whether recommended practices were implemented. However, these outcomes may not necessarily correlate with increased student learning. On the other hand, studies that have measured success based on student test scores have been criticized because of the limitations of standardized tests.⁵ Of the three reforms described above, performance pay has stimulated the greatest controversy among both academic researchers and policy advocates.⁶

School districts in other states have experimented with programs similar to Q Comp.

In the past 15 years, several school districts in different parts of the country have experimented with combining the three approaches described above. For example, schools in Douglas County, Colorado, implemented a performance pay system that incorporated teacher professional development and teacher evaluation in 1994. In the 2000-01 school year, the Cincinnati School District began a program that combined professional development, teacher evaluation, and performance pay, but the link between evaluations and pay was never implemented due to teacher opposition. The Denver School District’s

³ See Eileen Mary Weiss and Stephen Gary Weiss, *New Directions in Teacher Evaluation* (ERIC Digest ED429052) (Washington, DC: ERIC Clearinghouse on Teaching and Teacher Education, 1998); Charlotte Danielson and Thomas L. McGreal, *Teacher Evaluation to Enhance Professional Practice* (Alexandria, VA: Association for Supervision and Curriculum Development, 2000); and Anthony Milanowski, “The Relationship Between Teacher Performance Evaluation Scores and Student Achievement: Evidence from Cincinnati,” *Peabody Journal of Education* 79 (2004): 33-53.

⁴ See Eric A. Hanushek, “The Failure Of Input-Based Schooling Policies,” *The Economic Journal* 113 (2003): F64-F98; Steven G. Rivkin, Eric A. Hanushek, and John F. Kain, “[Teachers, Schools, and Academic Achievement](#),” *Econometrica* 73, no. 2 (2005): 417-458; Michael Podgursky and Matthew G. Springer, “[Teacher Performance Pay: A Review](#),” *Journal of Policy Analysis and Management* 26, no. 4 (2007): 909-949; and Eric A. Hanushek, “The Single Salary Schedule and Other Issues of Teacher Pay,” *Peabody Journal of Education* 82, no. 4 (2007): 574-586.

⁵ See, for example, Ronald A. Berk, “Fifty Reasons Why Student Achievement Gain Does Not Mean Teacher Effectiveness,” *Journal of Personnel Evaluation in Education* 1 (1988): 345-363; and Daniel M. Koretz, “[Limitations in the Use of Achievement Tests as Measures of Educators’ Productivity](#),” *The Journal of Human Resources* 37 (2002): 752-777.

⁶ See, for example, Richard J. Murnane and David K. Cohen, “Merit Pay and the Evaluation Problem: Why Most Merit Pay Plans Fail and a Few Survive,” *Harvard Educational Review* 56 (1986): 1-17.

“ProComp” system, which also combines teacher professional development, teacher evaluation, and performance pay, was developed over a six-year period and implemented in 2006.⁷

For Minnesota policymakers, a particularly influential model has been the Teacher Advancement Program (TAP), started in 1999 by the Milken Family Foundation and now administered by the National Institute for Excellence in Teaching (NIET). According to NIET, TAP is a “strategy to attract, retain, develop and motivate talented people to the teaching profession.”⁸ To accomplish these goals, TAP combines (1) ongoing professional development, (2) standardized teacher evaluations, (3) performance bonuses based on teacher evaluation outcomes and student test scores, and (4) a “career ladder” in which teachers with greater expertise can become “mentor teachers” or “master teachers” who evaluate and train their colleagues. As of fall 2008, TAP had been adopted by over 200 schools in 14 states and the District of Columbia.⁹

Despite the growth of TAP over the past decade, its effect on student achievement is unclear. Few evaluations of the relationship between TAP and student achievement have been conducted, and even fewer have been done by independent researchers not associated with the program. One study published by the National Center on Performance Incentives at Vanderbilt University found that TAP was associated with small positive test score gains at the elementary level, but with test score declines in grades six through ten.¹⁰

Minnesota’s Experience

Minnesota law generally has treated professional development and teacher evaluations as matters of local control. Minnesota statutes set broad objectives for professional development programs, and districts are directed to set aside a certain amount of funding for professional development activities. Prior to 2005, local school districts and charter schools had wide discretion in how they used the funding to meet these professional development objectives.¹¹ Minnesota law required formal evaluations of teachers in their initial three-year “probationary

In Minnesota, teacher professional development and evaluation are locally controlled.

⁷ For discussions of the Douglas County and Cincinnati examples, see Allan Odden and Carolyn Kelley, *Paying Teachers for What They Know and Do: New and Smarter Compensation Strategies to Improve Schools*, 2nd ed. (Thousand Oaks, CA: Corwin Press, 2002). For a discussion of Denver’s ProComp program, see Phil Gonring, Paul Teske, and Brad Jupp, *Pay-for-Performance Teacher Compensation: An Inside View of Denver’s ProComp Plan* (Cambridge, MA: Harvard Education Press, 2007).

⁸ National Institute for Excellence in Teaching, “What is the Teacher Advancement Program (TAP),” <http://www.talentedteachers.org/tap.taf?page=whatistap>; accessed November 18, 2008.

⁹ The 14 states are Arizona, Arkansas, Colorado, Illinois, Indiana, Louisiana, Minnesota, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, and Wyoming. National Institute for Excellence in Teaching, “TAP School Locations,” http://www.talentedteachers.org/tap.taf?page=tapschool_locations; accessed December 3, 2008.

¹⁰ Matthew G. Springer, Dale Ballou, and Art (Xiao) Peng, *Impact of the Teacher Advancement Program on Student Test Score Gains: Findings from an Independent Appraisal* (National Center on Performance Incentives, Vanderbilt University, February 2008).

¹¹ See *Minnesota Statutes* 2004, 122A.60.

period” starting in 1984, but it has not specified on what standards the evaluations should be based.¹² Minnesota requires school districts to have a peer review process for tenured teachers, but the law does not specify any standards or how often reviews should occur.¹³

Minnesota began to experiment with alternative teacher pay models at the state level in 2001, when the Legislature authorized MDE to allocate \$4 million per year to fund school districts implementing alternative compensation plans.¹⁴ Districts seeking alternative compensation funding were required to submit a plan that addressed career advancement for teachers, promoted professional development, created an objective teacher evaluation system, and replaced the traditional steps and lanes salary system.¹⁵ The law specifically required that the plan be endorsed by the local chapter of the teachers’ union.¹⁶ Five districts participated in this early version of the alternative teacher compensation program.¹⁷

In a separate experiment foreshadowing Q Comp, MDE piloted the TAP program in the Waseca school district and at three schools in Minneapolis in 2004, using a three-year, \$8 million grant from the U.S. Department of Education’s Teacher Quality Enhancement program.¹⁸

The Legislature adopted Q Comp during the 2005 special legislative session.

The Legislature adopted Q Comp during the 2005 special session.¹⁹ Q Comp substantially expanded funding for alternative compensation programs and made funding available to charter schools for the first time. The Legislature also rewrote the program’s requirements, defining in more detail the required elements of an alternative compensation system and requiring a more extensive

¹² *Laws of Minnesota* 1984, chapter 463, art. 7, secs. 13-14; *Minnesota Statutes* 2008, 122A.41, subds. 2-3.

¹³ *Minnesota Statutes* 2008, 122A.41, subd. 5.

¹⁴ *Laws of Minnesota* First Special Session 2001, chapter 6, art. 2, sec. 77. The Legislature later reduced the \$4 million amount to \$3 million in the first year and \$3.7 million in the following years. *Laws of Minnesota* 2002, chapter 220, art. 3, sec. 13; *Laws of Minnesota* First Special Session 2003, chapter 9, art. 2, sec. 55, subd. 16.

¹⁵ The “steps and lanes” approach to setting teacher compensation has been the standard for several decades both in Minnesota schools and nationwide. Each teacher is assigned to a “lane” based on his or her educational attainment; teachers who hold graduate degrees earn more money than those who do not. Within each lane, teachers receive higher salaries as they gain more years of experience, or “steps.” Teachers increase their salary by completing more education (moving to a higher-paying lane) or through additional seniority (moving to a higher-numbered step).

¹⁶ *Laws of Minnesota* First Special Session 2001, chapter 6, art. 2, secs. 53-55.

¹⁷ The five school districts were Floodwood, La Crescent-Hokah, Marshall, Minneapolis, and Rushford-Peterson.

¹⁸ The grant also provided financial support for the Minnesota First Five Project and the Minnesota Teacher Enhancement Center. The Waseca school district ended its TAP program in 2006. Minneapolis, in contrast, has expanded the program and now has 14 TAP schools. Sojourner Truth Academy, a charter school in Minneapolis, began to implement TAP in the 2006-07 school year.

¹⁹ “Q Comp” is the term used by MDE, but that title does not appear in the law. The 2005 law established a “restructured alternative teacher professional pay system.” *Laws of Minnesota* First Special Session 2005, chapter 5, art. 2, sec. 40.

The first school districts and charter schools to enter the program began to implement Q Comp in fall 2005.

application process.²⁰ Q Comp included several elements drawn from TAP, and TAP was the model used to describe the Q Comp program in legislative hearings. Additionally, the Legislature specified a new framework for professional development in all school districts (not just those in Q Comp). Under this framework, professional development programming had to focus on research-based strategies, foster collaboration and mentoring among teachers and administrative staff, and provide teachers with opportunities to practice skills and work with student data.²¹

The first school districts and charter schools to enter the program under the new law began to implement Q Comp in fall 2005.

PROGRAM DESCRIPTION

The Q Comp legislation contains a number of complex and interrelated requirements for school districts and charter schools that participate in the program. Below, we describe the program's general characteristics, the five key components that must appear in all local Q Comp plans, the application process, MDE's oversight of the program, and current participation levels.

Overall Characteristics

Q Comp is voluntary. There is no requirement that school districts or charter schools participate in Q Comp, and those that do not participate are not penalized. Q Comp is open to school districts, intermediate school districts, charter schools, individual schools, integration districts, and the Perpich Center for Arts Education.²²

Every participant develops its own program. Although Q Comp has many requirements that limit what participants may do, the Q Comp legislation does not prescribe a specific set of professional development or compensation policies. MDE encourages school districts and charter schools to create Q Comp programs that best serve their needs. As a result, there are dozens of local versions of Q Comp.

Participating school districts and charter schools receive additional funds. School districts participating in Q Comp can receive up to \$260 per student in additional revenue through a combination of state funding and increased levy amounts. Charter schools, which cannot levy, receive an amount per student determined by averaging the total per pupil Q Comp revenue received by all

Each participating school district or charter school develops its own version of Q Comp.

²⁰ *Laws of Minnesota* First Special Session 2005, chapter 5, art. 2, secs. 39-43, codified in *Minnesota Statutes* 2008, 122A.413-122A.415; and *Laws of Minnesota* First Special Session 2005, chapter 5, art. 1, secs. 23-25, codified in *Minnesota Statutes* 2008, 126C.10, subds. 34-36.

²¹ *Laws of Minnesota* First Special Session 2005, chapter 5, art. 2, secs. 44-51, codified in *Minnesota Statutes* 2008, 122A.60-122A.61.

²² *Minnesota Statutes* 2008, 122A.414, subd. 2b, and 122A.416. Currently, only school districts, charter schools, and individual school sites participate in the program.

Applications for Q Comp are submitted jointly by administrators and teachers.

participating school districts through levies and state aid. We describe Q Comp funding in more detail in the last section of this chapter.

Teachers must collectively agree to participate. The law requires that a school district’s application to enter the Q Comp program be “submitted jointly by a district and the exclusive representative of the teachers.”²³ Charter schools, which are not unionized, must hold a vote of their teachers in which at least 70 percent support the Q Comp plan submitted in the application.²⁴

MDE approval is required. To participate in Q Comp, a school district or charter school must receive MDE approval of an application that describes how the applicant will implement the components of the program.²⁵ Additionally, MDE requires that participants receive approval for updated program goals each year and for subsequent changes to their Q Comp plans. MDE can withhold funding if it finds that an existing Q Comp program is not complying with the law.²⁶

Participation is limited by available funding. As we describe in the last section of this chapter, the Legislature has limited the amount of Q Comp funding available each year since the program’s inception. So far, Q Comp participants have not exhausted the amount of funding authorized by the Legislature. However, if participation in the program increases to the point that authorized funding is not sufficient, MDE would have to deny entry to new applicants due to lack of funds.

Program Components

In its published descriptions of Q Comp, MDE has summarized the program by emphasizing five “components” that encompass the legislation’s specific requirements. For the sake of simplicity, we adopt that framework as well, although the law does not use these labels and is not organized in this manner.

Career Advancement. This component addresses a concern that, unlike other professionals, teachers essentially hold the same position indefinitely and cannot advance in their chosen career based on merit. To get increased status, responsibility, and compensation, a teacher may have to leave teaching for an administrative post. Q Comp requires participating school districts and charter schools to create “career advancement options” that provide teachers additional compensation but that “allow teachers to retain primary roles in student

²³ *Minnesota Statutes* 2008, 122A.415, subd. 1(b). A nearly identical requirement is at *Minnesota Statutes* 2008, 122A.414, subd. 2b(a). The “exclusive representative of the teachers” is typically a representative of the teachers’ union. See *Minnesota Statutes* 2008, 179A.03, subd. 8.

²⁴ *Minnesota Statutes* 2008, 122A.414, subd. 2a(3). New charter schools are exempt from this requirement if they apply to enter Q Comp before opening.

²⁵ *Minnesota Statutes* 2008, 122A.414, subd. 2b.

²⁶ *Minnesota Statutes* 2008, 122A.414, subd. 3(b).

Though every Q Comp program has unique features, each must include five key components.

instruction.”²⁷ Following the TAP model, the legislation specifically states that teachers in these senior positions should help “other teachers improve their skills.”²⁸

Professional Development. Reformers have argued that the traditional approach to professional development—the one-day workshop led by outside experts—has a weak track record in improving teaching. Q Comp requires participants to develop “ongoing” professional development programming that is “led during the school day by trained teacher leaders.”²⁹

Teacher evaluation. Many school districts evaluate their experienced teachers infrequently, and the standards used in these evaluations are not always clearly defined. Q Comp participants are required to implement an “objective” teacher evaluation system “using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning.”³⁰ All teachers must be evaluated more than once each year, and these evaluations comprise part of the criteria used to determine each teacher’s salary increase.

Performance Pay. Instead of paying all teachers the same amount regardless of their accomplishments, this component requires participating school districts and charter schools to “base at least 60 percent of any compensation increase on teacher performance.”³¹ The law states that teacher performance must be measured using three factors, with individual participants deciding how much weight to assign to each factor: (1) schoolwide student achievement gains on standardized assessment outcomes, (2) other measures of student achievement, and (3) individual teacher evaluations, as described above.³² Individual school districts and charter schools can meet the requirements of the first factor using either the state tests required under No Child Left Behind (i.e., the Minnesota Comprehensive Assessment, Series II) or some other standardized assessment. MDE has interpreted the second factor to mean measures of performance by a teacher’s own students. Because the law does not specify the use of standardized tests for this factor, some Q Comp participants use other types of measurement (such as portfolios of student work).

Alternative Salary Schedule. The Q Comp statute requires participants to “reform the ‘steps and lanes’ salary schedule.”³³ Although this language is different than the 2001 law, which required that districts “replace” steps and lanes, the law contains no explanation of what constitutes a “reform.”³⁴ Under

²⁷ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(1) and (2).

²⁸ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(2).

²⁹ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(4).

³⁰ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3)(iii)(B).

³¹ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3).

³² *Ibid.*

³³ *Ibid.*

³⁴ See *Laws of Minnesota* First Special Session 2001, chapter 6, art. 2, sec. 54, subd. 2(b)(3).

MDE’s interpretation of this provision, school districts and charter schools may not simply add performance pay bonuses on top of an existing steps and lanes structure. Instead, participants must modify the salary schedule so that teachers no longer receive salary increases based solely on years of experience.³⁵

In Chapter 2, we discuss these program components in more detail and describe how Q Comp participants have implemented them.

Application Process

Applications for Q Comp funding may be submitted at any time. The law requires a school district or charter school to submit a letter of intent one year before submitting an application so that it can spend a year planning its transition to Q Comp.³⁶ However, in practice, MDE has frequently waived the requirement for a planning year. Once MDE receives an application, it must convene a review committee of teachers and administrators within 30 days. This review committee must evaluate the application and make a recommendation to the commissioner. The commissioner has the final authority to determine whether an applicant will be admitted to the program.³⁷

If the commissioner disapproves a Q Comp application, MDE must notify the applicant of the reasons for the denial. The applicant then has 30 days to revise and resubmit its application to the department.³⁸

We discuss the application process in greater detail in Chapter 3.

Monitoring and Oversight

The Q Comp statute gives MDE the authority to withhold Q Comp funding from an approved school district or charter school if it determines that the requirements of the program are not being met.³⁹ However, except for requiring an annual report from participants, the law does not specify how MDE should monitor programs to ensure that Q Comp participants are fulfilling their responsibilities.⁴⁰

³⁵ In a 2007 court case, Sauk Centre educators challenged this interpretation of the word “reform,” but the Minnesota Court of Appeals upheld MDE’s interpretation. [Sauk Centre Education Association v. Seagren, 741 N.W.2d 398](#) (Minn. Ct. App. 2007).

³⁶ *Minnesota Statutes* 2008, 122A.414, subd. 1a.

³⁷ *Minnesota Statutes* 2008, 122A.414, subd. 2b(a).

³⁸ *Minnesota Statutes* 2008, 122A.414, subd. 2b(b).

³⁹ *Minnesota Statutes* 2008, 122A.414, subd. 3(b).

⁴⁰ School districts and charter schools are required to annually report to their school boards “on the implementation and effectiveness” of the Q Comp program and make recommendations regarding any needed changes. The school boards must then submit these reports and recommendations to MDE. *Minnesota Statutes* 2008, 122A.414, subd. 3(a). We discuss annual reports further in Chapter 4.

The Minnesota Department of Education approves Q Comp applications and monitors implementation.

MDE has used two methods to monitor individual Q Comp programs. First, the performance pay component of Q Comp ties teacher salaries to specific schoolwide achievement goals, set locally. MDE requires that participants submit updated goals to the department each year for review and approval. Second, MDE performs “program reviews” of local Q Comp programs each year. These reviews include an examination of program documents and a visit to the school district or charter school by a team of outside evaluators. Once participants successfully pass a program review, they are subject to less intense reviews in following years.

We describe MDE’s monitoring and oversight efforts more fully in Chapter 4.

Current Participation

For the 2008-09 school year, 44 school districts and 28 charter schools are participating in Q Comp. One district started the program but later withdrew (Alexandria); one charter school that was in the program has closed (Heart of the Earth).⁴¹ We list each participating school district or charter school and the year it began the program in Table 1.1.

We discuss Q Comp participation in more detail in Chapter 3.

Q COMP’S IMPACT ON STUDENT ACHIEVEMENT

According to the law, Q Comp has four main objectives: (1) to encourage teachers to improve their skills, (2) to increase the recruitment and retention of highly qualified teachers, (3) to motivate teachers to undertake challenging assignments, and (4) to improve teaching in order to enhance student achievement.⁴² Legislators have expressed interest in whether Q Comp is meeting these objectives, particularly with regard to student achievement. However, we found that:

- **Q Comp’s effect on student achievement cannot be adequately measured using existing data.**

Q Comp has only been in place for three full school years, and most school districts and charter schools that participate have been in the program for only one or two years. Such a short time period makes it difficult to draw conclusions about the program’s effects. Although a small number of school districts were involved in an alternative teacher compensation pilot program that began in 2001, MDE has changed its administration and oversight of the program since then. Assessing how well Q Comp worked during the pilot and the program’s first years might not reflect how the program works now. Additionally, the

⁴¹ Heart of the Earth was also known as Oh Day Aki.

⁴² *Minnesota Statutes* 2008, 122A.414, subd. 1.

Table 1.1: School Districts and Charter Schools Participating in Q Comp, by Year Implemented

Started in 2005-06School DistrictsAlexandria (*discontinued in 2007*)

Fridley

Hopkins

LaCrescent-Hokah

Marshall

Minneapolis (not all sites)

Mounds View

St. Cloud

St. Francis

Charter Schools

Beacon Academy

Duluth Public Schools Academy

Northfield School of Arts and Technology

Started in 2006-07School Districts

Albert Lea

Alden-Conger

Brainerd

Brandon

Burnsville-Eagan-Savage

Centennial

Clearbrook-Gonvick

Delano

Eden Prairie

Farmington

Grand Meadow

International Falls

Lac qui Parle Valley

Le Center

Minnetonka

North St. Paul-Maplewood-Oakdale

Osseo

Pine River-Backus

Proctor

Red Rock Central

Roseville (not all sites)

St. Anthony-New Brighton

St. Louis Park

South St. Paul

South Washington County

Wayzata

Charter Schools

Crosslake Community School

E.C.H.O. Charter School

El Colegio Charter School

Emily Charter School

Heart of the Earth Charter School (*school closed in fall 2008*)

Minnesota Transitions Charter School

New Visions Charter School

Ridgeway Community School

Sojourner Truth Academy

STRIDE Academy

Tarek Ibn Ziyad Academy

TRIO Wolf Creek Distance Learning Center

Started in 2007-08School Districts

Brooklyn Center

Forest Lake

Orono

Princeton

Rosemount-Apple Valley-Eagan

Charter Schools

Academy for Sciences and Agriculture

Birch Grove Community School

Hmong Academy

HOPE Community Academy

Lakes International Language Academy

Seven Hills Classical Academy

Started in 2008-09School Districts

Annandale

Chisago Lakes

Edina

Mahtomedi

North Branch

Charter Schools

Best Academy

Community of Peace Academy

Cyber Village Academy

Harvest Preparatory Academy

Noble Academy

Nova Classical Academy

Paideia Academy

St. Paul Conservatory for Performing Artists

Limited data and changes in the program make it difficult to measure the effect of Q Comp on student achievement.

Q Comp programs in the school districts that piloted alternative compensation differ substantially from the programs that began later.

Q Comp's voluntary nature also makes it difficult to draw conclusions about the effectiveness of the program. School districts and charter schools that have implemented Q Comp are likely different than those that do not participate in the program. Even if one could show that changes in teacher retention or student achievement were attributable to Q Comp, it is not clear that similar changes would occur if Q Comp were implemented in other districts or schools.

Further, it is difficult to disentangle the effects of Q Comp from other initiatives. Q Comp is one of many programs aimed at improving student achievement. Any changes in student standardized test scores could be due partly or entirely to the effects of other programs. The limited number of Q Comp participants and the program's short history make it difficult to use statistical methods to attribute changes in test scores to a single school initiative. Similarly, we cannot separate Q Comp's individual components to evaluate whether some are more effective than others.

Lastly, we were unable to draw on existing research to assess whether Q Comp should be expected to meet its objectives. As we described earlier, only a few school districts around the country have experimented with programs that combine professional development, teacher evaluation, and performance pay. Some preliminary studies of these programs have suggested that they may lead to improvements in student achievement, but the research is not conclusive.⁴³ None of these programs have the same requirements as Q Comp.

REVENUES AND EXPENDITURES

In this section, we examine the revenues that the Legislature has authorized for Q Comp and how much of the state funding MDE has allocated to participants. We conclude the section by describing how school districts and charter schools have used their Q Comp funds.

Q Comp Revenues

As discussed previously, Q Comp participants are eligible to receive additional revenue of up to \$260 per student.⁴⁴ School districts participating in Q Comp receive Q Comp revenue from two sources: state aid and local levies. The Q Comp levy is optional; school districts may choose to levy less than the maximum amount or forego the levy altogether without changing the amount of Q Comp funding they receive from the state.

⁴³ See Ed Wiley, Matthew Gaertner, Eleanor Spindler, and Amy Subert, "[Denver ProComp Evaluation: A Mixed-Method Evaluation of Denver's Alternative Teacher Compensation System, Year 1 Report](#)," (Boulder: University of Colorado School of Education, 2008); and Springer, Ballou, and Peng, *Impact of the Teacher Advancement Program*.

⁴⁴ *Minnesota Statutes* 2008, 122A.415, subd 1(b). Q Comp revenue is based on student enrollment from October 1 of the previous fiscal year.

Q Comp is funded through state and local sources.

The Legislature has changed the relative proportion of Q Comp funding that school districts receive from state and local sources. In fiscal year 2006, the first year of the program, participants received the full amount of \$260 per student through state aid.⁴⁵ In 2007, school districts received \$190.06 per student in state aid and were eligible to receive the remaining \$69.94 per pupil via local levy. This split between state aid and local levy is expected to continue until 2010, at which time the balance between these two sources is slated to shift again. Based on changes made by the 2008 Legislature, the amount of Q Comp state aid will decrease to \$169 per pupil in 2010; school districts may levy the remaining \$91 in order to receive the maximum possible funding amount of \$260 per pupil.⁴⁶

Of the 39 school districts that participated in Q Comp during 2008, 85 percent levied for Q Comp funds. Of these school districts, 94 percent levied for the full amount and received \$260 in total Q Comp revenue per student.⁴⁷ Charter schools, which cannot levy, receive Q Comp state aid per pupil based on the statewide average per student Q Comp revenue that participating school districts receive from state and local sources.⁴⁸ In 2008, charter schools received an estimated \$249.72 per pupil in state Q Comp revenue based on this calculation.

In 2008, Q Comp participants received a total of \$57.6 million in Q Comp revenue; almost \$45 million of these funds came from state aid, compared to almost \$13 million in local levy funding.⁴⁹ Table 1.2 shows the total Q Comp revenue received by participating school districts and charter schools in 2006 through 2008, including the amount received from state and local funding sources.

Because Q Comp revenue is allocated on a per pupil basis, school districts' and charter schools' total Q Comp revenue varies greatly by participant.⁵⁰ For

⁴⁵ In this section, years refer to fiscal years. For example, "2006" is used to refer to fiscal year 2006. Fiscal years begin July 1 and go through June 30 of the following year. For example, fiscal year 2006 began on July 1, 2005, and ended on June 30, 2006. As such, fiscal year 2006 corresponds to the 2005-06 school year.

⁴⁶ *Minnesota Statutes* 2008, 126C.10, subd. 34(a).

⁴⁷ The percentage of school districts levying for Q Comp funds and the percentage levying the full amount are estimates. MDE expects final revenue data in February 2009.

⁴⁸ By law, charter schools can receive \$260 in Q Comp funding per pupil times "the ratio of the sum of the alternative compensation aid and alternative compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts." *Minnesota Statutes* 2008, 126C.10, subd. 34(a).

⁴⁹ General education revenue in Minnesota totaled \$5.6 billion in 2008; the \$45 million in state Q Comp funding is equal to less than 1 percent of the state general education funds appropriated that year. *Laws of Minnesota* 2008, chapter 363, art. 3, sec. 1.

⁵⁰ All participating school districts, except Minneapolis Public Schools and the Roseville Public School District, have implemented Q Comp districtwide and receive Q Comp revenue for every student in their districts. Minneapolis' and Roseville's participation in Q Comp varies by school site; some schools in these districts participate in Q Comp and others do not. As a result, the Minneapolis and Roseville school districts receive Q Comp revenue based on their student enrollment in Q Comp sites, not on their total district enrollment.

Table 1.2: Q Comp Revenue Allocated, Fiscal Years 2006 to 2008

	2006 (thousands)	2007 (thousands)	2008 ^a (thousands)
Total Q Comp Revenue ^b	\$13,222	\$45,481	\$57,581
State Revenue	13,222	35,786	44,815
Local Revenue	0	9,695	12,766
School Districts			
Total Revenue	12,970	44,545	56,054
Median Revenue per District	1,268	936	699
Charter Schools			
Total Revenue	252	937	1,527
Median Revenue per School	27	43	58

NOTE: Fiscal years begin July 1 and go through June 30 of the following year.

^a Figures in this column are based on Minnesota Department of Education estimates.

^b Total Q Comp revenue is revenue from state and local sources.

SOURCE: Office of the Legislative Auditor, analysis of Minnesota Department of Education Q Comp revenue data.

example, in 2008, Birch Grove Community School received about \$12,000 in Q Comp state aid, whereas the Rosemount-Apple Valley-Eagan School District received \$7.3 million from state and local funding sources. In 2008, charter schools received about \$1.5 million in Q Comp funds. Charter schools have received between 2 and 3 percent of the total Q Comp revenue each year.

In 2005, the Legislature authorized \$16.2 million in Q Comp state aid for fiscal year 2006.⁵¹ The 2005 Legislature authorized \$72.5 million in Q Comp state funding for both 2007 and 2008, as shown in Table 1.3.⁵²

The Legislature's Q Comp funding was based, in part, on MDE's projections of program participation. However, participation has not reached projected levels. As a result, far less Q Comp state funding has been allocated than was authorized. In 2007, participating school districts and charter schools received \$35.8 million in Q Comp state aid, or 49 percent of the authorized state funds. In 2008, participants received \$44.8 million of the \$72.5 million in state aid authorized for Q Comp, or 62 percent of the approved state funding. Table 1.3

⁵¹ The \$16.2 million in authorized funds includes state funding for Q Comp only. In 2006, 2007, and 2008, the Legislature authorized about \$3 million in additional, grandfathered funds for school districts that participated in previous alternative teacher compensation programs. Total funds authorized for alternative compensation programs in Minnesota, which include Q Comp and grandfathered funds, were \$19.3 million in 2006; \$75.6 million in both 2007 and 2008; and \$64.3 million in 2009. *Laws of Minnesota* First Special Session 2005, chapter 5, art. 1, sec. 23; and *Laws of Minnesota* 2008, chapter 363, art. 2, sec. 48.

⁵² *Laws of Minnesota* First Special Session 2005, chapter 5, art. 1, sec. 23. Authorized funding figures are adjusted to include funding for Q Comp only.

Table 1.3: Q Comp State Funding Authorized and Allocated, Fiscal Years 2006 to 2009

The Legislature has authorized more Q Comp funding than has been used.

	2006 (thousands)	2007 (thousands)	2008 ^a (thousands)	2009 ^b (thousands)
Q Comp state funding authorized by the Minnesota Legislature ^c	\$16,202	\$72,514	\$72,512	\$61,308
Q Comp revenue allocated to school districts and charter schools ^d	13,222	35,786	44,815	49,162
Percentage of authorized funds that were allocated	82%	49%	62%	80%

^a The amount of Q Comp state aid that charter schools received in 2008 is based on Minnesota Department of Education estimates.

^b 2009 revenue amounts are department estimates based on current levels of Q Comp participation and the applications approved to begin implementing Q Comp in 2009.

^c Includes funding for Q Comp only. In each of these years, the Legislature authorized an additional \$3 million in grandfathered funds for school districts that participated in previous alternative teacher compensation programs. Total funding authorized for alternative compensation programs, which include Q Comp and grandfathered funds, was \$19.3 million in 2006, \$75.6 million in both 2007 and 2008, and \$64.3 million in 2009.

^d Includes only state funding.

SOURCES: Office of the Legislature Auditor, analysis of Minnesota Department of Education Q Comp revenue data; *Laws of Minnesota* First Special Session 2005, chapter 5, art. 1, sec. 23; and *Laws of Minnesota* 2008, chapter 363, art. 2, sec. 48.

shows the amount of state funding the Legislature authorized and the amount of Q Comp state funds allocated to participants each year since the program was established.

The 2008 Legislature limited state Q Comp funding for 2009 and 2010. As a result, school districts and charter schools successfully applying to the program after March 20, 2008, can collectively access no more than \$11.4 million in state Q Comp funds for 2009. An additional \$2.9 million is slated to become available in 2010, allowing those applying to Q Comp after March 20, 2008, to access up to \$14.3 million through 2010.⁵³ Based on these amounts, total Q Comp state funding for 2009 is capped at \$61.3 million.⁵⁴ MDE must stop approving applications for 2009 and 2010 if the total amount of state funding required to support approved programs would surpass these limits. MDE expects to allocate about 80 percent (\$49.2 million) of the \$61.3 million in state aid authorized for Q Comp in 2009, based on the applications approved to implement Q Comp in 2009. Under current law, authorized Q Comp state aid will increase to \$75.6 million for 2011.

⁵³ *Laws of Minnesota* 2008, chapter 363, art. 1, sec. 48.

⁵⁴ The \$61.3 million funding cap is based on the sum of (1) the allocation for current Q Comp participants, (2) the allocation for Q Comp participants that applied prior to March 20, 2008, and (3) the allocation of \$11.4 million for approved applications received after March 20, 2008.

Q Comp Expenditures

School districts and charter schools reported spending a total of just over \$60.5 million on their Q Comp programs in 2006 and 2007.⁵⁵ Participants reported using almost all of their Q Comp expenditures (98 percent) for employee salaries and benefits. Charter schools and school districts of different sizes reported similar use of Q Comp funds.

Almost all Q Comp funds are spent on employee salaries and benefits.

Participants used more Q Comp funds for teachers' salaries and "other" salary payments than for administrators' salaries. "Other" salary payments include tutors' wages and salary payments to teachers for activities beyond their basic contract. As shown in Table 1.4, participants used 21 percent of their Q Comp expenditures for licensed teachers' salaries in 2006, and 38 percent in 2007. In contrast, school districts and charter schools reported using 8 percent of their Q Comp expenditures for administrators' salaries in 2006, and 3 percent in 2007.

Table 1.4: Percentage of Q Comp Expenditures Used for Employee Salaries, Fiscal Years 2006 and 2007

	2006	2007
Licensed Classroom Teacher	21%	38%
Other Salary Payments ^a	39	30
Licensed Instructional Support Personnel ^b	5	9
Interdepartmental Employees ^c	10	3
Administrative and Supervision	8	3
Substitute Teachers	1	1
Noninstructional Support	1	<1
Nonlicensed Classroom Personnel	≤1	≤1
Total	84%	84%

NOTE: This table includes spending on salaries only; it does not include benefits. Analysis reflects reported Q Comp expenditures. Columns may not sum due to rounding.

^a Includes stipend compensation that is hourly or event-based that is not described in the other salary categories. Examples of other salary payments include compensation for tutoring, department head pay, lunchroom supervision, coaching assignments, or extended-year special education assignments.

^b Includes salary payments to licensed personnel supporting the teacher/student learning relationship or assisting individual students. Examples of licensed personnel include teachers involved with curricular activities or in-service of staff, coordinators, librarians, counselors, nurses, and social workers.

^c Includes payments for activities that cross over various program codes.

SOURCE: Office of the Legislative Auditor, analysis of Minnesota Department of Education *Uniform Financial Accounting and Reporting Standards (UFARS)* data.

⁵⁵ As of December 2008, school districts' and charter schools' expenditures for 2008 were not finalized. Total Q Comp expenditures exceeded revenue from state and local sources by \$3 million in 2007 and were \$1 million lower than total revenue in 2006. The analysis in this section reflects reported Q Comp expenditures, which relies on participants to accurately report their spending. School districts and charter schools varied widely in their reported level of Q Comp expenditures for 2006 and 2007, raising some questions about the quality of the data. For example, one charter school did not report any Q Comp expenditures in either 2006 or 2007, whereas another school district reported expenditures of over four times its total Q Comp revenues.

Q Comp Programs

In this chapter, we discuss the Q Comp program in more depth. In particular, we review the five required components of Q Comp and discuss how they are implemented in school districts and charter schools across the state. We also examine teachers' and administrators' opinions of Q Comp's individual components and the program as a whole.

We reviewed each participant's Q Comp plan, as outlined in its application and program updates.¹ We found that:

- **Although all Q Comp programs have some common elements, each participating school district and charter school has developed a unique Q Comp program.**

As outlined in Chapter 1, there are five required components of Q Comp: (1) career advancement opportunities for teachers, (2) professional development opportunities that take place during the school day, (3) teacher evaluations, (4) performance-based pay, and (5) an alternative salary schedule. Table 2.1 provides a brief description of each of these components. As required by law and the Minnesota Department of Education (MDE), all Q Comp participants have incorporated these five components into their programs in some fashion. Nevertheless, each Q Comp program is unique, reflecting the decisions made by local administrators and teachers.

To gather administrators' opinions about Q Comp, we mailed a questionnaire to all superintendents and charter school directors in the state. We received responses from 99 percent of Q Comp participants and 88 percent of nonparticipants. In this chapter, we report questionnaire responses from the 59 school districts and charter schools that participated in Q Comp during the 2007-08 school year.²

We also mailed questionnaires to 1,046 teachers across the state to learn more about their views of Q Comp. We received responses from 55 percent of the

We surveyed a sample of teachers and all school districts and charter schools in the state about Q Comp.

¹ In this report, we use the term "participant" to refer to the school district or charter school that is participating in Q Comp, not an individual person. We reviewed all Q Comp applications and plan updates approved by the Minnesota Department of Education as of July 30, 2008. These applications and plan changes are the basis of the analysis presented in this chapter, unless otherwise noted.

² Heart of the Earth Charter School, which participated in Q Comp in the 2007-08 school year but closed in 2008, is not included in this analysis.

Table 2.1: Q Comp Components

	Description
Career Advancement Opportunities	Career advancement opportunities allow teachers to take on leadership roles while retaining a presence in the classroom. These positions typically allow the teacher to continue to teach on a part-time basis. Some opportunities are full time for a limited term, typically no more than one to three years, after which the teacher returns to the classroom.
Professional Development	Under Q Comp, professional development must take place on site, during the school day, and be led by trained teacher leaders.
Teacher Evaluations	Teacher evaluations are conducted several times during the year by a locally trained team using multiple criteria.
Performance-Based Pay	Performance-based pay must be tied to (1) schoolwide student achievement, (2) measures of student achievement for a teacher's own students, and (3) teacher evaluations.
Alternative Salary Schedule	Q Comp participants must reform their "steps and lanes" salary schedule so that teachers are no longer automatically rewarded for additional years of experience.

SOURCES: Office of the Legislative Auditor and [Minnesota Statutes](#) 2008, 122A.414.

teachers in Q Comp settings and 42 percent of the teachers in nonparticipating school districts and charter schools.³

Based on our surveys of superintendents, charter school directors, and teachers, we found that:

- **In general, administrators in Q Comp settings have more favorable opinions than teachers about the program.**
- **Both administrators and teachers have more favorable opinions about the professional development component of Q Comp than the salary and performance pay components of the program.**

In the following sections, we discuss each of the five program components in more depth and examine how different Q Comp participants have implemented these components. We also discuss how teachers and administrators in participating school districts and charter schools view the different components of Q Comp.

³ We mailed the questionnaire to 523 teachers who taught in a Q Comp school during the 2007-08 school year and to 523 teachers who taught in schools that were not participating in Q Comp during that same school year. We received responses from 274 teachers in Q Comp settings and 207 teachers in nonparticipating school districts and charter schools. Response rate calculations exclude 56 surveys returned as undeliverable.

CAREER ADVANCEMENT OPPORTUNITIES

By law, Q Comp applicants must “describe how teachers can achieve career advancement and additional compensation,” and “describe how the [applicant] will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills.”⁴

Q Comp career advancement opportunities may include team leader, mentor, evaluator, and researcher positions.

Q Comp participants have provided career advancement opportunities for teachers in a variety of ways. In some cases, these opportunities are part-time positions, with the teachers’ remaining time spent in their classrooms. In other cases, these positions are one- to three-year, full-time assignments. At the end of the assignment, these teachers return to the classroom.⁵ Teachers serving in career advancement positions often receive compensation either in the form of “release time” (paid time outside of the classroom) or a stipend. For example, our review of approved Q Comp applications found that participants pay mentor teachers anywhere from a \$150 to \$3,500 stipend, depending on the school and associated responsibilities.

Q Comp participants typically have several different types of career advancement positions. Over three-fourths of Q Comp participants have teachers serve as leaders of small teams of teachers. Teachers work together in these teams, often called professional learning communities or PLCs, to improve their instructional skills. The team leader is frequently responsible for running the meetings, setting the agenda, and serving as a resource for teachers on the team.

Over 60 percent of participating school districts and charter schools have created career advancement positions in which teachers serve as mentors to provide formal support for new teachers. Over one-third of participants have districtwide or site-level Q Comp coordinators. These positions sometimes require teachers to be on full-time release from their teaching duties for the duration of the special assignment. Q Comp participants also have teachers serve as data analysts, peer evaluators, and researchers to identify pedagogical best practices.

Teachers in Q Comp programs expressed favorable opinions of the career advancement component of Q Comp in response to our questionnaire. We asked how “creating leadership positions and career advancement opportunities for teachers” has affected the respondent’s school district or charter school. In response, 61 percent indicated a positive or strongly positive effect.⁶

⁴ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(1) and (2).

⁵ Depending on the Q Comp plan, teachers may reapply for these leadership positions.

⁶ For the results from our survey of Q Comp teachers, the 95-percent confidence interval around each result is plus or minus 6 percentage points. (A 95-percent confidence interval means that if samples of the same size were drawn repeatedly from the same population of teachers, 95 percent of the intervals would contain the true percentage of teachers in Q Comp settings that would give each response.)

Respondents also provided additional comments regarding the value of career advancement opportunities. For example, one teacher wrote:

Q Comp allows teachers to have compensation for many of the additional jobs/tasks that [they] are already performing. Many teachers serve on committees and are involved in numerous professional learning communities without ever being noticed for their work. Q Comp is nice because it gives teachers the opportunity to "shine" amongst their colleagues and showcase what they are doing in their classrooms.

Administrators at school districts and charter schools that participated in Q Comp had more favorable opinions than teachers about the positive effect career advancement opportunities had on their schools. Over 85 percent of administrators who responded to our questionnaire said that "creating leadership positions and career advancement opportunities for teachers" had a positive or strongly positive impact on their school district or charter school. One superintendent wrote: "Professional learning communities and career ladder leadership positions have strengthened our schools in significant and measurable ways."

PROFESSIONAL DEVELOPMENT

Q Comp school districts and charter schools must provide professional development for teachers that takes place on site and during the school day.

By law, Q Comp participants must "provide integrated ongoing site-based professional development activities...[that are] led during the school day by trained teacher leaders such as master or mentor teachers."⁷ Additionally, the statutes say that participating school districts and charter schools should "encourage collaboration rather than competition among teachers."⁸

Most, but not all, Q Comp participants use PLCs to deliver relevant professional development programs to their teachers. The PLCs give teachers an opportunity to share teaching strategies, analyze student performance, and evaluate or observe other teachers. A few Q Comp participants also use PLCs to discuss educational research and learn new curricula.

More often than not, teachers in Q Comp programs reported favorable opinions of the professional development component of Q Comp, as shown in Table 2.2. In response to our questionnaire, over 50 percent of teachers in Q Comp settings agreed or strongly agreed with the following two statements: "The Q Comp program has improved teacher professional development at my school," and "The Q Comp program has improved professional relationships among teachers at my school." Additionally, 69 percent of teachers in Q Comp settings who responded to our questionnaire thought that "developing teams of teachers that

⁷ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(4).

⁸ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(6).

Table 2.2: Q Comp Teachers’ and Administrators’ Opinions of Q Comp Professional Development

	Agree or Strongly Agree	Neutral	Disagree or Strongly Disagree	Did Not Answer or Don't Know
<i>The Q Comp program has improved teacher professional development in our school district/charter school.</i>				
Q Comp Teachers	56%	22%	20%	3%
Q Comp Administrators	90	7	2	2
<i>The Q Comp program has improved professional relationships among teachers in our school district/charter school.</i>				
Q Comp Teachers	52%	21%	24%	3%
Q Comp Administrators	85	10	2	3

NOTES: We mailed questionnaires to all superintendents and charter school directors in the state and to 1,046 teachers: 523 who taught in a Q Comp school during the 2007-08 school year and 523 who did not teach in a Q Comp school during that same year. Responses reported above are for administrators of school districts and charter schools that participated in Q Comp in 2007-08. We received responses from 100 percent (59) of school districts and charter schools that participated in Q Comp in 2007-08 and 55 percent (274) of surveyed teachers in participating districts and schools. The 95-percent confidence interval for our survey of teachers in Q Comp settings is plus or minus 6 percentage points. Percentages may not sum to 100 due to rounding.

SOURCE: Office of the Legislative Auditor.

meet regularly to work together on professional growth” had a positive or strongly positive effect on their school.⁹

In response to our questionnaire, one teacher wrote:

Q Comp has definitely improved our school’s professional climate. It has allowed for specific training sessions that have helped to improve certain teaching and evaluating skills. It has allowed for more collegial interaction, which we don’t always make time for in the busy school schedule.

Another teacher responded:

The Q Comp program has led to focused staff development with the intention of increasing student achievement. Our staff is working together more effectively to determine where our students are struggling and how to use best practices to increase the understanding in the identified areas.

In contrast, however, one teacher wrote:

⁹ In their responses to our questionnaire, many teachers and administrators reported that teacher teams were already in place prior to Q Comp.

In our survey, Q Comp superintendents and charter school directors expressed favorable opinions of the program’s professional development aspects.

I believe the meetings we attend and all of the extra work involved do not pay off for the “regular teacher”.... The time we spend could be (and used to be) spent preparing ourselves better for our actual job of teaching our students.

Superintendents and charter school directors in Q Comp settings tended to have more positive opinions regarding the professional development aspects of Q Comp, as shown in Table 2.2. In response to our questionnaire, 90 percent of administrators in Q Comp settings agreed or strongly agreed that Q Comp has “improved teacher professional development” in their schools. About 85 percent of administrators in Q Comp settings agreed or strongly agreed that Q Comp has improved professional relationships among their teachers, compared to 2 percent who disagreed or strongly disagreed. Similarly, 83 percent agreed or strongly agreed that Q Comp contributed to a culture of professionalism, as compared with 5 percent who disagreed or strongly disagreed. In response to our questionnaire, one superintendent said:

[Q Comp] has helped us develop an articulated professional development program, has motivated people in a big way, has helped us become drastically more collaborative in our approach, has increased professionalism, and has been the engine to support the much-needed changes that are taking place in our school district.

In addition to the questionnaires, we visited 20 school districts and charter schools across the state to learn in depth about their experiences with Q Comp.¹⁰ Ten of the sites we visited currently participate in Q Comp.¹¹ Administrators from several of the school districts and charter schools we visited said that their professional development efforts became more meaningful as a result of Q Comp. For example, some administrators said that the professional development programs they implemented due to Q Comp resulted in more collaboration among teachers. Staff from one of these school districts said that Q Comp has enabled teachers to share ideas and participate in professional development activities in which the teachers had always been interested.

TEACHER EVALUATIONS

Minnesota statutes require Q Comp participants to have “objective evaluations” of teachers that use “multiple criteria” and are conducted by a “locally selected and periodically trained evaluation team that understands teaching and learning.”¹² To comply with this law, MDE requires Q Comp participants to have three evaluations of each teacher each year and identify the criteria that will be used to evaluate their teachers. Most participants meet this requirement. All

¹⁰ Appendix A lists the school districts and charter schools we visited.

¹¹ An eleventh school district, the Alexandria School District, had participated in Q Comp but discontinued its involvement in 2007.

¹² *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3)(iii)(B).

Q Comp participants but one evaluate their teachers three times or more annually.¹³ Q Comp participants have a variety of staff conduct their teacher evaluations. In their Q Comp plans, participants most commonly identified teachers, PLC leaders, and principals as the staff who conduct teacher evaluations.

In response to our questionnaire, teachers in Q Comp programs expressed mixed opinions about the Q Comp teacher evaluations. Although many respondents had favorable opinions of the evaluations, teachers were less positive about them than they were about the professional development and career advancement components of Q Comp. Almost half (46 percent) of teachers in Q Comp settings who responded to our questionnaire agreed or strongly agreed with the following statement: “The Q Comp program has improved the process of evaluating teacher performance at my school.” Almost 30 percent disagreed or strongly disagreed with this statement. One teacher commented:

Q Comp has also greatly improved the process of evaluating teacher performance at my school. As a tenured teacher, it has pushed me to focus on how to improve my instruction and has provided me with feedback that is invaluable in helping me to become a more effective teacher.

But another teacher said:

If it were possible to evaluate fairly, Q Comp would probably be OK...but it is virtually impossible to fairly evaluate teachers considering the complexity of the job.

Superintendents and charter school directors in Q Comp settings felt that the teacher observation and evaluation components of the program had led to improvements in their districts and schools. Over 85 percent of participants that were in the program during the 2007-08 school year said that “creating a teacher peer observation system” had a positive effect on their school district or charter school. About 81 percent of participants also agreed or strongly agreed that Q Comp had improved the teacher evaluation process in their districts and schools. A superintendent from a participating school district we visited said that there was hesitancy among teachers at first about the peer observation and evaluation component of Q Comp. This superintendent said that he now considers the peer observations to be one of the strongest elements of the program.

PERFORMANCE-BASED PAY

Minnesota statutes require Q Comp participants to “base at least 60 percent of any compensation increase on teacher performance using (i) schoolwide student achievement gains [on a standardized assessment]..., (ii) measures of student

Teachers expressed more mixed opinions than administrators about the evaluation component of Q Comp.

¹³ It is not clear whether a second participant evaluates its teachers three times annually.

In Q Comp, teacher compensation increases must be based, in part, on student achievement and teacher evaluations.

achievement, and (iii) an objective evaluation program.”¹⁴ Participating school districts and charter schools may also use other factors to award performance-based pay.

The first performance-based pay factor—schoolwide student achievement gains—is measured through the achievement of annual goals set by each Q Comp school. By law, these goals must be tied to a standardized assessment, such as the Minnesota Comprehensive Assessment, Series II (MCA-II) exams. For example, a school’s Q Comp goal could be a 3-percentage point increase from the previous year in the percentage of middle school students who meet or exceed standards on the MCA-II math exam. MDE has interpreted the second factor—measures of student achievement—to mean measures of achievement for a teacher’s own students, rather than for all of the students in a school. These measures can be based on standardized assessments, such as the MCA-II exams, or on locally developed assessments, such as classroom portfolios or school exams. The third factor—an objective evaluation program—must relate to the participant’s Q Comp teacher evaluation discussed in the previous section.

Table 2.3 illustrates a sample performance-based pay structure. In this example, each teacher can earn up to \$2,000 in performance-based pay. As outlined in the figure, 25 percent of the incentive pay in this example is tied to schoolwide student achievement goals, 25 percent is tied to measures of student achievement for the teacher’s own students, and 50 percent is tied to a teacher’s evaluations.

Table 2.3 shows that Teacher A received \$1,300 in performance-based pay and Teacher B received \$1,000. Neither teacher received the \$500 in performance-based pay tied to schoolwide student achievement gains because their school did not meet its Q Comp student achievement goal. (The schoolwide achievement goal was a 3-percentage point increase from the previous year in the percentage of middle school students who met or exceeded standards on the math MCA-II assessment.) Teacher A received \$500 based on her students’ performance on the MCA-II. Although the school as a whole did not meet the schoolwide goals, Teacher A’s students met their performance goal. Teacher B did not receive the \$500 associated with her students’ performance because her students did not meet their performance goal. Teacher B received all \$1,000 associated with teacher evaluations because she met the “proficient” standard on all three of her evaluations. Teacher A received \$800 of the performance pay tied to evaluations; she did not meet the required standard on her first evaluation.

Q Comp participants determine how much performance-based pay is linked to each factor, but all three factors must be used. The amount of performance pay tied to each factor varies significantly, as shown in Table 2.4. Awards ranged from a low of \$68 tied to measures of schoolwide achievement gains in one charter school, to awards of \$2,500 tied to teacher evaluations in one school district.

¹⁴ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3).

Table 2.3: Sample Q Comp Performance-Based Pay Allocation

Criteria	Potential Award Amount	Teacher A	Teacher B
25 percent linked to schoolwide student achievement gains Amount awarded if school meets schoolwide student achievement goal of a 3-percentage point increase from the previous year in the percentage of middle school students who meet or exceed standards on the math Minnesota Comprehensive Assessments, Series II (MCA-II) exam.	\$500	\$0	\$0
25 percent linked to other measures of student achievement Amount awarded if teacher's own students meet student performance goal of a 3-percentage point increase from the previous year in the percentage of students who meet or exceed standards on the math MCA-II exam.	500	500	0
50 percent linked to teacher evaluations Amount awarded if teacher meets "proficient" standard on first teacher evaluation.	200	0	200
Amount awarded if teacher meets "proficient" standard on second teacher evaluation.	300	300	300
Amount awarded if teacher meets "proficient" standard on third teacher evaluation.	<u>500</u>	<u>500</u>	<u>500</u>
Total Performance-Based Pay	\$2,000	\$1,300	\$1,000

SOURCE: Office of the Legislative Auditor.

Based on our review of approved Q Comp applications and plan updates, we found that:

- **In general, schools that participate in Q Comp have tied more performance-based pay to teacher evaluations than to student achievement gains.**

As Table 2.4 shows, the maximum amount a teacher could earn based on evaluations averaged \$910; the maximum amount a teacher could earn based on schoolwide achievement gains and measures of student achievement averaged \$356 and \$412, respectively.

On average, Q Comp participants based almost half of their performance pay on teacher evaluations. In contrast, participants devoted an average of about 20 percent of their performance awards to measures of student achievement and less than 20 percent to schoolwide student achievement gains. These averages mask differences between participants regarding the percentage of performance-based pay awarded to these different factors. For example, one participant ties about 50 percent of performance-based pay to schoolwide achievement and another participant ties less than 4 percent to schoolwide achievement.

Teachers in Q Comp settings who responded to our questionnaire had mostly negative views of Q Comp's performance-based pay, as shown in Table 2.5.

Table 2.4: Q Comp Performance-Based Award Criteria and Amounts

	Average	Minimum	Maximum
Schoolwide achievement gains	\$356	\$68	\$1,250
Measures of student achievement	412	72	1,250
Teacher evaluations	910	127	2,500
Other criteria ^a	719	100	2,000

NOTES: Award criteria and amounts are based on the Office of the Legislative Auditor's analysis of Q Comp applications and plan updates approved by the Minnesota Department of Education as of October 29, 2008. Averages reported above are the averages across all approved plans and are not weighted to reflect the number of teachers participating in each plan. The highest possible award amounts for each criteria in each plan were used to calculate averages. Performance award amounts that were not clearly linked to a specific factor were excluded from this analysis.

^a Other criteria include teachers meeting their individual growth plans, actively participating in professional learning communities, and participating in staff development sessions.

SOURCE: Office of the Legislative Auditor.

Teachers have mostly negative views of linking performance pay to students' standardized test scores.

Over half of the teachers in Q Comp programs who responded to our questionnaire (53 percent) thought that linking students' standardized test scores to teachers' performance-based pay had a negative or strongly negative effect on their school. Teachers had a more favorable view of linking pay to performance evaluations. More teachers (33 percent) thought linking performance-based pay to performance evaluations had a positive effect on their school than thought linking performance-based pay to students' standardized test scores (14 percent) or to other measures of student achievement (25 percent) had a positive effect.

In response to our questionnaire, a number of teachers identified performance pay as a disadvantage of Q Comp. One teacher wrote:

Basing a teacher's pay on test score results is not realistic, as there are too many variables on student achievement which can not be controlled in the school environment. For example, what kind of family support, neighborhood, parental education level, and income levels do the students come from? These factors have great influence on student achievement and learning.

Over half of the administrators in Q Comp programs thought that some aspects of performance pay had a positive effect on their school district or charter school. In response to our questionnaire, 54 percent of administrators in Q Comp settings said that "linking teacher pay to other measures of student achievement" had a positive or strongly positive effect on their district. A similar percentage of respondents said that "linking teacher pay to performance evaluations" had a positive or strongly positive effect on their district or school.

As with the teachers, administrators in Q Comp settings were least supportive of performance pay that links teacher pay to students' scores on standardized tests. Only 39 percent of administrators said that linking teacher pay to student test scores had a positive or strongly positive effect on their district or charter school.

Teachers and administrators have mixed opinions regarding the performance pay aspect of Q Comp.

Table 2.5: Q Comp Teachers’ and Administrators’ Opinions of Q Comp Performance-Based Pay

	Positive or Strongly Positive	Neutral	Negative or Strongly Negative	Did Not Answer or Don't Know
<i>What effect has linking teacher pay to students’ standardized test scores had on your school district or charter school?</i>				
Q Comp Teachers	14%	20%	53%	14%
Q Comp Administrators	39	32	20	8
<i>What effect has linking teacher pay to other measures of student achievement had on your school district or charter school?</i>				
Q Comp Teachers	25%	25%	36%	14%
Q Comp Administrators	54	25	8	12
<i>What effect has linking teacher pay to performance evaluations had on your school district or charter school?</i>				
Q Comp Teachers	33%	27%	30%	10%
Q Comp Administrators	58	20	12	10

NOTES: We mailed questionnaires to all superintendents and charter school directors in the state and to 1,046 teachers: 523 who taught in a Q Comp school during the 2007-08 school year and 523 who did not teach in a Q Comp school during that same year. Responses reported above are for administrators of school districts and charter schools that participated in Q Comp in 2007-08. We received responses from 100 percent (59) of school districts and charter schools that participated in Q Comp in 2007-08 and 55 percent (274) of surveyed teachers in participating districts and schools. The 95-percent confidence interval for our survey of teachers in Q Comp settings is plus or minus 6 percentage points. Percentages may not sum to 100 due to rounding.

SOURCE: Office of the Legislative Auditor.

In contrast, 20 percent of respondents said that linking teacher pay to student test scores had a negative or strongly negative effect on their district or school, and 37 percent said that this link to compensation was neither positive nor negative, or that they did not know what the effect had been.¹⁵

The mixed views on performance-based pay were also evident in administrators’ written comments made in response to our questionnaire. One survey respondent from a charter school said:

[Q Comp] has been a positive program in helping to compensate our teachers with additional funds. It also helps us maintain a

¹⁵ Three percent of respondents did not answer this question. We also heard concerns from members of MDE’s Q Comp Advisory Committee regarding how performance pay applies to teachers in nontraditional settings, such as alternative learning centers. Members commented that linking the performance pay of teachers in these schools to students’ scores on standardized assessments may not be appropriate. (MDE’s Q Comp Advisory Committee has about 35 to 40 members, including representatives from Q Comp participants and members from the education organizations in the state. The committee meets several times each year.) We also heard concerns from the advisory committee and others about linking pay to student test scores for teachers who do not teach core subjects such as English and math.

high level of expectation for the classroom teacher and the student.... The incentive of additional cash, in an already low paying school, is very nice.

In contrast, a superintendent from a school district that began the program in fall 2008 said:

Teachers are not afraid to use data and adjust instruction, but withholding raises based on test scores and student achievement is arbitrary and often outside of the teacher's control. Student absence, poor parenting, kids coming hungry or moving from place to place negatively impacts student performance and has nothing to do with teaching or the job teachers do.

ALTERNATIVE SALARY SCHEDULES

By law, Q Comp participants must reform their “steps and lanes” salary schedules.¹⁶ MDE’s Q Comp application requirements elaborate on this and state that “movement on the new schedule [must be] changed so that step movement is no longer guaranteed and a performance measure of some kind must be completed successfully in order to make a vertical gain.”¹⁷

To qualify for the program, Q Comp school districts and charter schools must reform their “steps and lanes” salary schedules.

Under a traditional “steps and lanes” salary schedule, teachers move to a higher-paying row, or “step,” in the salary schedule for each year they have taught. Placement in the columns, or “lanes,” is dependent upon the teacher’s educational level (for example, bachelor’s degree, bachelor’s degree and 30 credits, or master’s degree).

Several school districts that participate in Q Comp have salary schedules that look similar to the traditional steps and lanes system. However, rather than having teachers automatically advance through the steps based on years of experience, teachers advance based on performance measures. Table 2.6 shows an example of a participating school district’s alternative salary schedule that looks very similar to a traditional steps and lanes salary schedule. Teachers in this school district must successfully complete two evaluations annually to move one performance increment. Movement to the next step is not automatic.

It is not clear how much of a change these reformed salary schedules represent. The superintendent of one school district commented that the revisions his district made to its salary schedule were not particularly meaningful because the district held teachers to such a low standard in judging their performance. He said that the district just renamed the steps and lanes salary schedule in order to participate in Q Comp.

¹⁶ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3).

¹⁷ Minnesota Department of Education, *Q Comp Application Rubric 2008-2009* (Roseville, MN, 2008), 8.

Table 2.6: Excerpt of a Q Comp Salary Schedule with Grid

Performance Increment	Bachelor's Degree	Bachelor's Degree Plus 15 Credits	Bachelor's Degree Plus 30 Credits	Bachelor's Degree Plus 45 Credits
A	\$32,361	\$32,981	\$33,914	\$35,002
B	32,361	32,981	33,914	35,002
C	33,604	34,225	35,158	36,556
D	35,002	35,622	36,556	38,424
E	36,556	37,179	38,111	39,975
.
.
.
O	40,975	46,145	51,647	54,132
P	43,663	48,854	54,369	56,639
Q	45,934	51,125	56,639	58,912

NOTE: As outlined in this district's Q Comp application, "Employees completing two successful evaluations annually will be entitled to one performance increment...."

SOURCE: Office of the Legislative Auditor, from the Wayzata School District Q Comp application, submitted to the Minnesota Department of Education, December 16, 2005.

Q Comp participants have reformed their salary schedules in different ways.

Other Q Comp participants do not have a salary grid in place. Instead, these school districts and charter schools determine teachers' salaries using a formula or market conditions. One charter school renegotiates its teachers' contracts each year. Teachers in one school district receive a salary increase based on the completion of an "action-research" project. Figure 2.1 shows an example of the formula used to determine teacher salaries in one participating charter school. All base salaries in this charter school are \$26,000. Teachers can earn additional compensation based on a variety of factors, including how they perform on their evaluations, whether they have a master's degree, and whether they have assumed additional responsibilities.

Several Q Comp participants have not yet revised their salary schedules. These participants typically stated in their applications that they planned to revise their salary schedules during the next negotiation process.

Based on responses to our questionnaire, few teachers in Q Comp settings had favorable opinions about the alternative salary schedule component of Q Comp. Only 11 percent of teachers in Q Comp settings who responded to our questionnaire said that reforming the steps and lanes salary schedule had a positive or strongly positive effect on their school; 29 percent said it had a negative or strongly negative effect on their school.¹⁸

¹⁸ Of the remaining responses, 27 percent indicated neither a positive nor negative effect on their school, 28 percent responded "don't know," and 5 percent did not respond to the question.

Figure 2.1: Sample Q Comp Salary Computation without a Salary Grid

Employment		\$26,000
Performance Level (up to \$16,000) ^a	+	_____
Master's Degree (\$2,000)	+	_____
Q Comp Performance Pay (up to \$2,500) ^b	+	_____
Master or Mentor Teacher (up to \$4,000) ^c	+	_____
Advisor Responsibility	+	_____
Administrative Duties Responsibility	+	_____
Club or Activity Advisor Responsibility	+	_____
Extended Days ^d	+	_____
Total	=	_____

^a Based on performance evaluation.

^b Based on student achievement scores, teacher's evaluation, and teacher's individual growth plan.

^c Based on master or mentor teacher responsibilities.

^d Based on number of hours and hourly rate.

SOURCE: Office of the Legislative Auditor, from the Academy for Sciences and Agriculture Q Comp plan, submitted to the Minnesota Department of Education, September 18, 2007.

Superintendents and charter school directors in Q Comp settings were somewhat more positive than teachers about the effect of the reformed salary schedule on their schools. In contrast to 11 percent of teachers, about 31 percent of administrators said that reforming the steps and lanes salary schedule had a positive or strongly positive effect on their schools. Fifteen percent of administrators said that this reform had a negative or very negative effect on their schools.¹⁹

OVERALL OPINIONS OF Q COMP

As discussed above, administrators' and teachers' views of Q Comp varied depending on the specific Q Comp component. For example, both administrators and teachers had more favorable opinions of the professional development component of Q Comp than they had of performance pay.

¹⁹ Over one-third of respondents said that the reformed salary schedule had neither a positive nor negative effect on their school, 8 percent responded "don't know," and 10 percent did not respond.

In addition to asking about their opinion of each component, we asked questionnaire respondents to answer broader questions about Q Comp. Superintendents and charter school directors in Q Comp settings were overwhelmingly positive about the program. Teachers, in contrast, expressed more mixed opinions.

In general, administrators in Q Comp schools have favorable opinions about the program.

As shown in Table 2.7, over 80 percent of administrators in Q Comp programs said that they agreed or strongly agreed that “the Q Comp program has improved classroom teaching,” that “the Q Comp program will lead to increases in students’ performance on standardized tests,” and that “the Q Comp program has improved professional relationships among teachers.” Only 2 percent of administrators in Q Comp settings disagreed that the program had improved classroom teaching, and none disagreed with the statement that Q Comp will lead to improvements in students’ scores on standardized tests.

Table 2.7: Q Comp Teachers’ and Administrators’ Opinions of Q Comp

	Agree or Strongly Agree	Neutral	Disagree or Strongly Disagree	Did Not Answer or Don’t Know
<i>The Q Comp program has improved classroom teaching at my school.</i>				
Q Comp Teachers	43%	27%	22%	8%
Q Comp Administrators	83	10	2	5
<i>The Q Comp program will lead to increases in students’ performance on standardized tests at my school.</i>				
Q Comp Teachers	34%	25%	30%	11%
Q Comp Administrators	81	10	0	8
<i>The Q Comp program has improved professional relationships among teachers at my school.</i>				
Q Comp Teachers	52%	21%	24%	3%
Q Comp Administrators	85	10	2	3

NOTES: We mailed questionnaires to all superintendents and charter school directors in the state and to 1,046 teachers: 523 who taught in a Q Comp school during the 2007-08 school year and 523 who did not teach in a Q Comp school during that same year. Responses reported above are for administrators of school districts and charter schools that participated in Q Comp in 2007-08. We received responses from 100 percent (59) of school districts and charter schools that participated in Q Comp in 2007-08 and 55 percent (274) of surveyed teachers in participating districts and schools. The 95-percent confidence interval for our survey of teachers in Q Comp settings is plus or minus 6 percentage points. Percentages may not sum to 100 due to rounding.

SOURCE: Office of the Legislative Auditor.

Several administrators elaborated on the benefits of Q Comp in their responses to our questionnaire. For example, one administrator wrote:

The Q Comp program has significantly improved the instructional level of teachers. They are focused on standards and effective techniques to reach all students. The program has given us a common understanding and a common language to

use when discussing instruction. There is an even greater culture of professionalism among our staff.

A superintendent from another participating school district wrote:

The program has transformed our school district radically in a positive direction. It has forced us to articulate our vision better, look at data in a much sharper way, become more goal oriented with high quality goals, helped us to have important conversations about teaching and learning like never before.... It is making a positive difference for our students, and it is one reform that is having tremendous impact.

In contrast, teachers in Q Comp settings have more mixed opinions about the program.

As shown in Table 2.7, teachers in Q Comp programs expressed more mixed opinions about Q Comp. For example, only 43 percent of teachers in Q Comp settings who responded to our questionnaire agreed or strongly agreed that “the Q Comp program has improved classroom teaching at my school.” Similarly, only 34 percent agreed or strongly agreed that “the Q Comp program will lead to increases in students’ performance on standardized tests at my school.” Over 50 percent agreed or strongly agreed that “the Q Comp program has improved professional relationships among teachers at my school.”

In the questionnaire, teachers were asked to elaborate on the advantages and disadvantages of Q Comp. One teacher responded:

The main advantage is that the extra funding helps to make up for otherwise inadequate funding by the state for our school district. The main disadvantage is that the requirements of Q Comp add much extra work to the teachers’ workload, taking time away from preparing for classes and helping individual students.

Another teacher wrote:

Q Comp does promote teacher relationships and give teachers much needed network time; however, I don't think that it makes any difference in how we teach our kids, and linking student test scores directly to teachers’ or schools’ ability to teach is asinine!

Q Comp Applications and Participation

In this chapter, we examine the Minnesota Department of Education’s (MDE) application process for Q Comp and discuss which school districts and charter schools participate in the program. We also examine why many school districts and charter schools have chosen not to participate in Q Comp and look at potential barriers to participation.

Q COMP APPLICATIONS

One of the primary questions legislators had about Q Comp was whether MDE consistently enforced its application requirements. Based on our research, we found that:

- **The Minnesota Department of Education has made reasonable decisions on Q Comp applications, but applicants have been held to different standards depending on when they applied to the program.**

The remainder of this section discusses these issues in more detail. In particular, we discuss the Q Comp application process and the changes MDE has made to its application requirements. We also discuss how application approval decisions are made and communicated. This section concludes with a number of recommendations for the Legislature and MDE to consider.

Application Process Overview

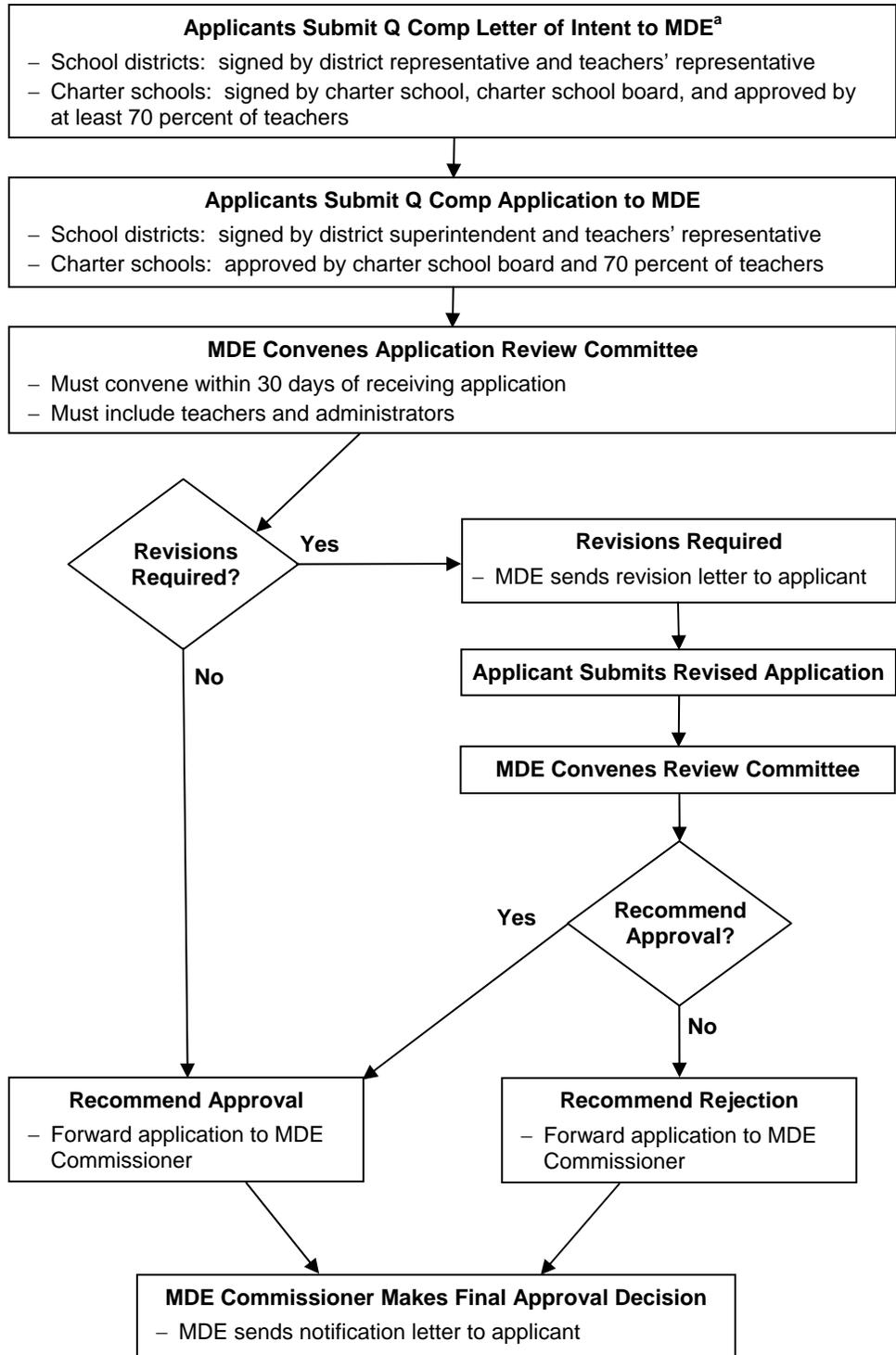
In order to participate in Q Comp, a school district or charter school must submit an application to MDE.¹ The application must be approved by the Commissioner of MDE before the applicant is eligible to receive Q Comp funding and participate in the program.

Figure 3.1 illustrates the Q Comp application process. By law, an interested school district or charter school must first submit a letter of intent to MDE indicating its intention to implement Q Comp.² For school districts, these letters

¹ By law, school districts, intermediate school districts, charter schools, individual schools, integration districts, and the Perpich Center for Arts Education may participate in Q Comp. See [Minnesota Statutes](#) 2008, 122A.414, subd. 2b, and 122A.416. Currently, only school districts, charter schools, and individual school sites participate in the program.

² [Minnesota Statutes](#) 2008, 122A.414, subd. 1a.

Figure 3.1: Q Comp Application Process



^a Many applicants submit their letters of intent with their Q Comp applications.

must be signed by the school district and the exclusive representative of the teachers.³ For charter schools, letters must be signed by the charter school and the charter school board of directors. A charter school must also submit a formal record showing that at least 70 percent of the teachers at the school agree to implement the Q Comp plan.⁴ School districts and charter schools that submit letters of intent enter a planning year. The Commissioner of MDE can waive this planning year if applicants demonstrate that they are ready to implement their Q Comp plan immediately.⁵

Interested school districts and charter schools must also submit Q Comp applications to MDE. As outlined in law and discussed in Chapter 2, the applications must address five required components of Q Comp: (1) career advancement opportunities for teachers, (2) professional development that takes place during the school day, (3) teacher evaluations, (4) performance-based pay, and (5) an alternative salary structure.⁶ A school district Q Comp application must be signed by the district superintendent and the exclusive representative of the teachers. A charter school application must be accompanied by a resolution of the charter school board adopting the agreement and a record of a formal vote indicating that at least 70 percent of the teachers agree to implement the Q Comp plan.⁷

The Minnesota Department of Education must convene a review committee to read Q Comp applications.

Upon receipt of a Q Comp application, MDE must convene an application review committee within 30 days to review the application. By law, the committee must include teachers and administrators.⁸ MDE requires these external application readers to have familiarity with the Q Comp legislation and application process.⁹ The application readers review the application and decide whether to recommend that the commissioner approve the application. If revisions are required, MDE staff prepare a letter to the applicant outlining which components were approved and which need to be revised. Almost all applicants have been required to revise their initial applications.

When the applicant receives MDE's revision letter, it has 30 days to submit a revised application to the department. During this time, MDE staff are available to provide technical assistance. When MDE receives the revised application, it

³ As defined in *Minnesota Statutes* 2008, 179A.03, subd. 8, an "exclusive representative" is an employee organization that has been certified to meet and negotiate with the employer on behalf of all employees in the appropriate unit. In other words, the "exclusive representative of the teachers" is typically a representative of the teachers' union.

⁴ *Minnesota Statutes* 2008, 122A.414, subd. 1a(b)(2).

⁵ Many applicants request waivers of the planning year and submit their letters of intent with their Q Comp applications.

⁶ *Minnesota Statutes* 2008, 122A.414, subd. 2.

⁷ Charter schools that apply to Q Comp before their first year of operation do not need to demonstrate teacher support for the program. See *Minnesota Statutes* 2008, 122A.414, subd. 2a.

⁸ *Minnesota Statutes* 2008, 122A.414, subd. 2b(a).

⁹ Prior to Q Comp, some school districts had been in an alternative compensation pilot program and were able to quickly modify their programs to comply with Q Comp requirements. Staff from these school districts served as external application readers for the early Q Comp applications.

**The
Commissioner of
the Minnesota
Department of
Education makes
the final approval
decision on a
Q Comp
application.**

again convenes an application review committee. To the extent possible, the department attempts to have the same readers for the revised application that reviewed the initial application. The application readers review the revised application and focus primarily on requested revisions. The application review committee makes a recommendation to the Commissioner of MDE as to whether the application should be approved. The commissioner reviews the committee's recommendation and the application itself and makes a final approval determination. MDE formally notifies the applicant of the commissioner's final decision in an approval or rejection letter.

Application Requirements

By law, MDE “must prepare and transmit to interested school districts, intermediate school districts, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system [Q Comp].”¹⁰ In accordance with this law, MDE has developed a Q Comp application and guidelines that outline requirements for Q Comp applicants. Figure 3.2 shows an excerpt of MDE's application “rubric,” which provides a detailed list of the components expected to be included in a Q Comp application. The excerpt in Figure 3.2 shows some of MDE's criteria for the teacher evaluation component of a Q Comp application. MDE posts the application rubric on its web site and encourages Q Comp applicants to use it as a guide when completing their applications.

Statutory Interpretation

Minnesota law provides fairly broad guidance regarding the content of Q Comp applications. We found that:

- **The Minnesota Department of Education has established requirements for Q Comp applicants not specified in law.**

The requirements outlined in MDE's Q Comp application rubric are more prescriptive than those in law. For example, Minnesota statutes state that Q Comp participants must “allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system.”¹¹ The law quoted above states that Q Comp participants must *allow* any teacher to participate. MDE has interpreted this law to mean that all teachers in a participating school district,

¹⁰ *Minnesota Statutes* 2008, 122A.414, subd. 2b(a).

¹¹ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(5). In this report, we use the term “participant” to refer to the school district or charter school that is participating in Q Comp, not an individual person.

Figure 3.2: Excerpt from Minnesota Department of Education’s Q Comp Application Rubric, 2008

Component 3: Teacher Evaluation		
Law	Criteria	Meets Expectations ___ Yes ___ No
122A.414 Subd. 2 (b) The alternative teacher professional pay system agreement must: (3) ...base at least 60 percent of any compensation increase on teachers’ performance using: (iii) an objective evaluation program that includes: (A) individual teacher evaluations aligned with the educational improvement plan under sections 122A.413 and the staff development plan under section 122A.60; and (B) objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning.	3.1 Describe the positions that make up the evaluation team that will be responsible for conducting at least three formative evaluations based on classroom observations for each teacher and/or licensed staff member.	There are two or three identified evaluators for each licensed staff member.
	3.1 State how many times each evaluation team member will complete a formative evaluation based on direct classroom observation of each teacher and/or licensed staff member.	There are at least three formative evaluations completed each year which each include direct classroom observation and are focused on the instructional strategies being utilized to help students reach the site goal(s).
	3.1 Describe how the objective, formative evaluation rubric applies to the site goal action plans, including how this process will be conducted for specialists and other licensed staff members (counselors, nurses, psychologists, etc.).	The rubric for evaluations is clear, transparent and able to be understood by teachers. It is focused on instructional skills and comprehensive standards, has clear categories for different levels of performance, is not overly burdensome, and provides a standard level of expected performance. The rubric is focused on instruction and is designed to assess the implementation of instructional strategies utilized to reach the school-wide student achievement goal.
	3.1 Attach complete copies of all rubrics that will be used in the formative evaluation process.	The complete evaluation rubric for all teachers is attached. This includes all forms that will be used in the process.
	3.2 Provide a process for ensuring inter-rater reliability and preventing score inflation.	The process for maintaining inter-rater reliability and preventing score inflation is clear and includes initial training, follow-up trainings and a checks and balances system.
	3.2 Provide a process for including teacher self-analysis/reflection.	Self-analysis/reflection is shown as an important and integral part of the evaluation process.
	3.2 Provide a process for scheduling pre- and post-observation conferences.	A clear and consistent process is in place for conducting and scheduling pre- and post-observation conferences, and they are timely and constructive.

NOTE: Not shown in this figure is an additional column application readers use for comments and recommendations.

SOURCE: Minnesota Department of Education, *Q Comp Application Rubric 2008-2009* (Roseville, MN, 2008).

The Minnesota Department of Education's Q Comp requirements are more prescriptive than those in law.

charter school, or school site *must* participate in Q Comp.¹² MDE will not approve applications that propose optional participation on the part of teachers.

As another example, Minnesota statutes state that, as part of a compensation increase, participants must have “individual teacher evaluations....”¹³ To comply with this law, MDE requires all participants to evaluate every teacher at least three times each year, although the plural “evaluations” implies that two evaluations would be sufficient to meet the legal requirement. MDE staff told us they would not approve a Q Comp application that included less than three evaluations of each teacher per year.

MDE's Q Comp application criteria also include a number of smaller requirements that are not specified in law. For example, MDE requires that the “ratios of career ladder/advancement option positions to career teachers [be] approximately 1:30 or lower,” although the law does not specify a ratio.¹⁴ Similarly, MDE requires that teacher team meetings be “held weekly or semi-monthly during the contract or school day. It is recommended that these meetings be at least 60 minutes per week or 90 minutes if they are semi-monthly.”¹⁵ In contrast, the law discusses “site-based professional development activities...led during the school day by trained teacher leaders,” but it does not mention the use of teacher teams, let alone how often these teams should meet.¹⁶

Figure 3.2 contains yet another example of how MDE's Q Comp criteria go beyond what is outlined in law. MDE requires Q Comp applicants to “provide a process for including teacher self-analysis/reflection” in the teacher evaluation component of the plan.¹⁷ As shown in Figure 3.2, the relevant law simply requires objective evaluations; there is no reference to self-analysis or reflection.¹⁸

Although in many places the department's requirements go beyond what is stated in law, some of these criteria are necessary for the department to oversee the Q Comp program. Minnesota statutes often provide the general framework of a program but leave the specific implementation details to the state agency overseeing the program. According to department staff, MDE needed to develop these more prescriptive requirements to compensate for the vague language in law, and, to some extent, we agree. For example, Minnesota statutes refer to

¹² The Minneapolis and Roseville school districts have chosen to implement Q Comp only at certain schools, rather than across the district as a whole. In these cases, MDE requires that all teachers at the given school participate in the program.

¹³ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3)(iii)(A).

¹⁴ Minnesota Department of Education, *Q Comp Application Rubric 2008-2009* (Roseville, MN, 2008), 2.

¹⁵ *Ibid.*, 3.

¹⁶ *Minnesota Statutes* 2008, 122A.414, subd. 2.

¹⁷ Minnesota Department of Education, *Q Comp Application Rubric 2008-2009* (Roseville, MN, 2008), 6.

¹⁸ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3)(iii).

teacher “evaluations using multiple criteria,” but they do not provide additional information on acceptable evaluations or the evaluation process. As a result, it is appropriate for MDE to put some more specific standards in place.

Some applicants have challenged MDE’s interpretations of the Q Comp statutory language. Most notably, the Sauk Centre Education Association challenged MDE’s requirements for an alternative salary schedule. Minnesota law requires Q Comp participants to “reform the ‘steps and lanes’ salary schedule,” but does not define the word “reform.”¹⁹ MDE did not accept the Sauk Centre School District’s proposed alternative salary schedule because teachers could still advance through the steps and lanes and receive salary increases regardless of performance. Sauk Centre argued that its alternative salary schedule altered its steps and lanes salary schedule enough to comply with the statutory requirement and that MDE’s requirements went beyond the law. In 2007, the Minnesota Court of Appeals affirmed MDE’s authority to establish specific Q Comp requirements regarding how participants must reform the steps and lanes salary schedule.²⁰

Changes in Application Criteria

As mentioned above, MDE has developed a Q Comp application form that all prospective participants must complete and submit to the department. The department has also posted on its web site the application rubric it uses to review and approve or disapprove applications. However, we found that:

- **Q Comp applicants have been held to different application standards, depending on when they applied to the program.**

The Minnesota Department of Education has revised its Q Comp application criteria several times.

MDE has revised its Q Comp application criteria several times since the program’s inception. In the first year of the program, each Q Comp application was evaluated using a four-point scale. External application readers rated the application based on how well it matched the requirements outlined in law. Applicants had to receive at least a “3” on each component of the rubric to be approved.

After soliciting feedback from applicants and other stakeholders, MDE changed its Q Comp application process for the 2006-07 school year. The department kept the same criteria it had used in the previous year but stopped using the numeric ratings. In their formal responses to applicants, department staff described how applications were deficient based on the comments of the application readers. According to department staff, MDE also made a concerted effort to focus reviews of revised applications only on the issues identified during the previous application review.

MDE again changed its Q Comp application review criteria for the 2007-08 school year. Most notably, on the advice of its Q Comp Advisory Committee,

¹⁹ *Minnesota Statutes* 2008, 122A.414, subd. 2(b)(3).

²⁰ *Sauk Centre Education Association v. Seagren*, 741 N.W.2d 398 (Minn. Ct. App. 2007).

Because of these changing requirements, Q Comp applicants have been held to different standards depending on when they applied to the program.

the department rewrote the Q Comp application criteria.²¹ The current application rubric now provides more details about what the department expects in a Q Comp application.

Because of these changing requirements, Q Comp applicants have been held to different standards depending on when they applied to the program. For example, one school district that has participated in Q Comp since 2005 did not have schoolwide student achievement goals in its application. MDE staff told us that this participant's performance-based pay component would not be accepted if the application were submitted today. (As discussed in Chapter 2, Q Comp applicants must establish schoolwide student achievement goals based on standardized assessments.²² Teachers' performance pay must be based, in part, on whether these schoolwide goals are met.) MDE not only requires current Q Comp applicants to have schoolwide student achievement goals in place, the department has strict requirements regarding what these goals should look like.²³

Another school district that has participated in Q Comp since 2005 allowed its teachers to "opt in" to the Q Comp salary schedule over a four-year period. MDE staff said they were not sure such a plan would be approved under the current Q Comp application guidelines. Yet another school district that has participated in Q Comp since 2005 only has two (rather than the currently required three) evaluations of each teacher. MDE staff told us they would not approve this Q Comp application if it were submitted today.

In addition to changing application requirements, MDE often approved Q Comp applications on a "conditional" basis in the beginning of the program. For example, some applications were approved without having a revised salary schedule in place on the condition that the district would work with its teachers during the next negotiation cycle. According to MDE staff, the department is currently working with four school districts that participate in Q Comp that do not yet have revised salary schedules in place.

In the meantime, some recent applicants have had to revise their applications or have had their applications rejected because they did not have sufficient schoolwide goals, they allowed voluntary participation by teachers, they did not have at least three teacher evaluations, or they had not finalized an alternative salary schedule. Because those applications were denied, the applicants are not currently eligible for the \$260 per pupil in Q Comp funding. This is in direct contrast to those applicants who entered Q Comp early, are not complying with current MDE Q Comp application requirements, and are receiving the additional Q Comp funding.

²¹ MDE's Q Comp Advisory Committee has about 35 to 40 members, including representatives from Q Comp participants and the education organizations in the state. The committee meets several times each year.

²² An example of a schoolwide student achievement goal is a 3-percentage point increase from the previous year in the percentage of middle school students who meet or exceed standards on the Minnesota Comprehensive Assessments, Series II (MCA-II) math exam.

²³ Schoolwide goals are discussed in greater detail in Chapter 4.

The Minnesota Department of Education does not hold all participants to its current Q Comp standards.

While it is reasonable for MDE to revise Q Comp requirements as it gains more experience with the program, MDE does not have a method for holding all participants to its current Q Comp standards. MDE does not systematically review previously approved applications to ensure that all participants meet the current standards. As a result, there are significant differences in the requirements for early adopters and later applicants.

Many school districts and charter schools that have applied to Q Comp think that MDE has not consistently applied its application criteria. As part of our evaluation, we sent questionnaires to all school districts and charter schools in the state. We received responses from 99 percent of Q Comp participants and almost 90 percent of nonparticipants.²⁴ Almost 30 percent of participants disagreed or strongly disagreed with the statement: “MDE’s application criteria were applied consistently to applications from different school districts and charter schools.” About 40 percent of nonparticipants that responded to our survey and that had applied for Q Comp in the past disagreed or strongly disagreed with the same statement.²⁵

Minimum Standards

As discussed above and illustrated previously in Figure 3.2, MDE’s Q Comp application rubric is quite detailed and outlines specific requirements for Q Comp plans. Through our review of MDE’s revision and rejection letters to applicants, we found that:

- **The Minnesota Department of Education has not clearly communicated which Q Comp standards are required and which are recommended.**

MDE presents its application rubric as the basis for how Q Comp applications will be judged. In the application reviews we observed, the application readers followed the rubric closely and used it as a checklist when deciding whether to recommend applications for approval.

Similarly, MDE’s rejection and revision letters (given to applicants when their applications are not approved) specify every aspect of the application rubric that was not met. This gives applicants the impression that every component and subcomponent of the application rubric is required and equally important.

²⁴ In this section, we use the term “participant” to refer to school districts and charter schools that are participating in Q Comp as of December 2008. “Nonparticipants” refers to school districts, charter schools, intermediate school districts, and integration school districts that were not participating in Q Comp as of this date.

²⁵ About 21 percent of participants and nonparticipants that responded to our survey and that applied to Q Comp agreed or strongly agreed that MDE’s application criteria were applied consistently across different applications. Over 35 percent of participants and nonparticipants that had applied either did not answer the question or responded “don’t know.” Nonparticipants who applied to Q Comp in the past either did not have their application accepted by MDE or chose not to move forward with their Q Comp applications or programs.

Many Q Comp applicants do not think the Minnesota Department of Education's application criteria are clear.

But in interviews, MDE staff said that not all of the pieces of MDE's Q Comp application rubric are required for an application to be approved. The Director of MDE's School Improvement Division commented that the application rubric is "really a guideline," and that applicants "probably don't need [to have] everything" included in the rubric. Nevertheless, the letters sent to applicants whose Q Comp applications were not approved identify all of the components and subcomponents that have not been met. These detailed letters may deter applicants from submitting a revised application if the suggested changes seem too burdensome.

Not having a clear distinction between required and recommended standards could lead to confusion about MDE's Q Comp requirements. Applicants may see other local Q Comp programs that do not include all of MDE's published standards. Without knowing which standards are required, applicants may not know whether different applicants are held to different standards.

Many school districts and charter schools that have applied to Q Comp do not think MDE's application criteria are clear. About 39 percent of the respondents that applied for Q Comp but do not participate in the program disagreed or strongly disagreed that MDE's application criteria are clear. Among Q Comp participants, 32 percent disagreed or strongly disagreed that the application criteria are clear.

Application Decisions

Although MDE has changed its Q Comp application criteria over the life of the program, we found that:

- **Given the application criteria in place at the time, the Minnesota Department of Education's Q Comp application decisions have been reasonable.**

We reviewed all Q Comp applications submitted to the department from the program's inception to July 30, 2008. When applying the department's application criteria to the submitted applications, we generally concurred with the approval and rejection decisions made by MDE.

Most of the applications that were not approved did not meet several of the department's requirements. For example, one school district's Q Comp application was rejected because student achievement goals were not clearly established, the standards used to evaluate teachers were not clear, it was not clear how teachers would earn performance pay if the district's student achievement goals were met, and a reformed salary schedule was not included in the application.

Although we concurred with the department's final decisions regarding Q Comp applications, there were some parts of their decisions we questioned. For example, we questioned MDE's decisions regarding many charter schools' reformed salary schedules. In some instances, MDE had approved charter schools' salary schedules that appeared to reward teachers for years of service but subsequently rejected other charter school applications with similar salary

schedules. Although we did not always agree with MDE’s decision on the salary schedule component, we identified other reasons why the rejected applications should not be approved. In almost all cases, rejected applications were denied for more than one reason. While we disagreed with some of the decisions made regarding specific components on these applications, we agreed that deficiencies in other components meant these applications should be rejected.

Q Comp Application Process Concerns

Even though MDE’s final application decisions, for the most part, were reasonable, we had two specific concerns about the application review process. The following two subsections discuss our specific concerns about the application timeline and external application readers.

Application Timeline

Minnesota statutes require MDE to convene an application review committee within 30 days of receiving a completed application.²⁶ MDE has interpreted this requirement to mean that the department must respond to all submitted applications within 30 days of receipt. However, we found that:

- **The current 30-day timeline for processing Q Comp applications has compromised the quality of the application review process.**

Some Q Comp application reviewers do not have sufficient time to review the application materials.

We observed application reviews where external application readers were not prepared or missed information presented in an applicant’s Q Comp application. Department staff said that sometimes the application readers are not able to review the materials before they arrive at the department for the application review session. This does not give application readers sufficient time to review the application and supporting documents.

Additionally, the rolling deadline for applications makes it problematic for MDE to make systematic changes to application requirements. By law, participants must implement Q Comp by October 1 to receive Q Comp funding for that school year.²⁷ Yet the 30-day timeline for reviewing Q Comp applications pertains regardless of when an application is submitted. MDE responds within 30 days to a Q Comp application that is submitted in August or November, even though the November applicant would not be able to receive funding until the following school year.

External Application Readers

By law, when MDE receives a Q Comp application, it must convene an application review committee that includes “teachers and administrators.”²⁸

²⁶ *Minnesota Statutes* 2008, 122A.414, subd. 2b.

²⁷ *Minnesota Statutes* 2008, 122A.415, subd. 1(d).

²⁸ *Minnesota Statutes* 2008, 122A.414, subd. 2b.

MDE draws from a pool of external application readers to form an ad hoc committee whenever an application is submitted to the department. These application readers must complete annual training on MDE's criteria for approving applications.²⁹ The committee must review the application and make a recommendation to approve or deny it to the Commissioner of MDE. The commissioner is responsible for the final approval decision.

As part of our evaluation, we observed reviews of nine Q Comp applications between June 13, 2008, and October 14, 2008. Based on our observations of Q Comp application reviews and conversations with Q Comp applicants, we found that:

- **The Minnesota Department of Education's external review process has compromised the quality of Q Comp application reviews.**

Some application readers have been inadequately prepared or have focused on one set of criteria while neglecting others. Additionally, some local administrators and staff told us that the application process produced inconsistent results and that the role of the application readers interfered with communication between MDE and applicants.

Some Q Comp application reviewers have been unprepared.

Based on our observations of application review sessions, some external application readers were more prepared than others. In one session we observed, it appeared that none of the application readers had read all of the applications being considered that day. In two of the application review sessions we observed, application readers missed key elements provided in the applications. For example, in reviewing one application, the external readers wondered how a teacher's evaluation score was calculated. They asked department staff to seek clarification from the applicant on this point, even though an explanation of the calculation was provided on the next page of the application.

Depending on schedule constraints and other factors, different application readers have read and commented on different Q Comp applications. Having varied application readers has led to inconsistent expectations for Q Comp applicants. During the application review sessions we observed, we noticed different readers focused on different aspects of the applications. For example, one application reader paid particular attention to applicants' Q Comp budgets. However, in application sessions where this reader was not present, the budget was not always an area of focus.

As part of our evaluation, we visited 20 school districts and charter schools across the state, 15 of which have applied for Q Comp. Some of the staff we interviewed on our site visits—including some that had served as application readers—said that different application readers had different expectations, leading to inconsistent standards and application requirements.

²⁹ MDE began formal Q Comp application review training for external application readers in 2007.

**Minnesota
Department of
Education staff
have provided
technical
assistance on
Q Comp
applications with
mixed success.**

During the 2006-07 school year, applicants could meet with the panel that reviewed their application. This practice stopped in the 2007-08 school year because some of these meetings became contentious; some external application readers told MDE they would not continue in their role as application readers if the meetings with applicants continued. As a result, applicants no longer talk directly with the application readers. This means that applicants are not able to explain their proposals directly to the people reviewing the applications, nor are they able to respond directly to concerns the readers may have about their applications.

When applicants are required to revise their applications, they often rely on technical assistance from MDE. Because department staff do not directly approve or disapprove the Q Comp applications, technical assistance provided by department staff to Q Comp applicants has at times been limited. MDE staff must anticipate issues that the external application readers will identify, which they have done with mixed success. Some applicants have said that technical assistance provided by MDE staff has been incomplete or contradicts the final application rejection letter received from the department. For example, an administrator from one charter school met with MDE staff to receive assistance between receiving MDE's revision letter and submitting the final Q Comp application. This administrator felt that he was given poor advice by MDE staff, which, in part, resulted in the final application being rejected. He also noted that the application was rejected, in part, on the basis of factors that were not mentioned when he met with MDE staff to discuss needed revisions to the application.

Although MDE may be limited in its ability to provide technical assistance, many applicants thought that MDE was very responsive during the Q Comp application process. In response to our questionnaire, 66 percent of applicants agreed or strongly agreed that "MDE was responsive to our questions as we developed our initial application."

Recommendations

Q Comp participants are held to different standards depending on when they applied to the program. We think all Q Comp participants should be held accountable to the same standards.

RECOMMENDATION

The Minnesota Department of Education should develop a process to apply changes in Q Comp requirements to all participating school districts and charter schools.

While it is reasonable for MDE to change its Q Comp application requirements as it gains more experience with the program, it is not reasonable to have different standards for different participants. This is especially true when significant state funding is at stake.

As discussed above, MDE has changed its Q Comp application requirements several times since the program's inception in 2005. MDE staff acknowledged that some existing participants' applications would likely not be approved under the department's current Q Comp application requirements. When new applicants apply to the program, however, they are held to the new standards and must meet the more stringent requirements. Because participants are eligible to receive up to an additional \$260 per pupil in Q Comp funding, having different standards for current and prospective participants is not acceptable.

All Q Comp participants should be held to the same standards. When the department makes changes to its Q Comp application requirements, it should apply these requirements to all participants, not just new applicants. Because some of the department's revised standards may require significant changes on the part of Q Comp participants, MDE should develop a process for retroactively applying its new standards. Such a process may involve working with participants to develop a transition timeline to meet current Q Comp requirements. MDE has taken steps in this direction with a few participants. The department needs to expand the scope of these activities to include other early Q Comp adopters.

As discussed earlier in this chapter, MDE has not made it clear which application criteria are required and which are recommended. Instead, all application criteria are presented as requirements, even though department staff indicated that this is not the case.

RECOMMENDATION

The Minnesota Department of Education should clearly identify its minimum requirements for approving Q Comp applications. In some cases, this would require the department to distinguish between requirements and recommended practices.

MDE should more clearly identify its minimum standards for approval of Q Comp applications. As discussed earlier, MDE's Q Comp application criteria are very detailed and specific. However, not every Q Comp application is required to meet every element of MDE's application rubric. Although MDE requires that each application adequately address Q Comp's five key components, department staff indicated that some subcomponents listed on the rubric are required while others are recommended. MDE staff told us that if an application was missing one or two less important application criteria, the application may still be approved. However, if an application was missing a substantial number of these less important criteria, the application would likely be rejected.

The distinction between recommended and required criteria has not been communicated to Q Comp application readers, applicants, or participants. Instead, all of the Q Comp criteria are presented as though they are required. MDE should more clearly distinguish between minimum required standards and recommended practices. The department should also more clearly communicate to applicants at the revision stage the minimum required changes for approval.

As discussed above, the 30-day application review timeline outlined in law has compromised the Q Comp application review process.

RECOMMENDATION

The Legislature should revise [Minnesota Statutes 122A.414, subd. 2b](#), to no longer require the Minnesota Department of Education to review Q Comp applications within 30 days of receipt. Instead, the Legislature should require the department to set deadlines for Q Comp applications at two or three specific times during the year.

The current rolling deadline for Q Comp applications contributes to inconsistent application reviews with unprepared application readers. Requiring MDE to review all Q Comp applications within 30 days may require the department to have a reactive, rather than proactive, approach to Q Comp applications and application requirements.

Established application deadlines would allow MDE to schedule application reviews and readers in a more organized and mindful manner. Known deadlines would enable external application readers to be better prepared when reviewing Q Comp applications. An established application cycle would also allow MDE to roll out new application standards in an orderly fashion.

We recommend that the Legislature require MDE to establish two or three application deadlines throughout the year. As part of this process, MDE would establish an application review timeline that would include application deadlines, application review timelines, and deadlines for revised applications.

As discussed above, the current system, which relies on external application readers, has resulted in inconsistent application reviews.

RECOMMENDATION

The Legislature should amend [Minnesota Statutes 122A.414, subd. 2b](#), to no longer require external application readers to review Q Comp applications. Instead, the application review and approval decision should rest with the Minnesota Department of Education.

Preparation and consistency among Q Comp application readers have been problems. Additionally, the current application approval process weakens MDE's ability to provide technical assistance to applicants. Revising the application timeline, as recommended above, may address some of our concerns about the lack of preparation among external application readers. MDE could also increase its training of application readers to improve consistency, but we do not think this would have a large enough impact.

Giving MDE staff, rather than a committee of external application readers, responsibility for Q Comp application decisions would improve the application process in several ways. First, it would improve consistency among the application readers. If the same group of staff reviewed all Q Comp applications,

the standards would be more consistently applied across different applicants. Second, if MDE staff conducted the application review, they would likely be more prepared than many external readers to evaluate the applications. MDE staff would likely have more experience than external readers in evaluating Q Comp applications and understanding Q Comp requirements. Finally, MDE staff would be able to provide more useful technical assistance to applicants during the revision process. The staff providing the technical assistance would also participate in the approval process, perhaps resulting in a better exchange of information.

MDE staff said the input provided by external application readers is useful. If MDE wants to continue to include external readers in the application review process, the department can do so. However, MDE staff, and not an external review committee, should make approval recommendations to the commissioner, and the commissioner should continue to make (or delegate the authority to make) the final approval decision.

RECOMMENDATION

If the Legislature decides to retain the use of external application readers, the Minnesota Department of Education should require them to complete application rating sheets prior to each application review session.

During our observations of application reviews, there were instances when the external application readers were not prepared. Some of the application readers had not reviewed the applications in advance and were not prepared to discuss the applications in a meaningful way.

If MDE continues to use external application readers, the department should require them to come to the review sessions prepared, having read the applications in advance. MDE should provide a rating sheet that application readers are expected to complete prior to the application review meeting. Imposing this expectation on application readers would require them to read the applications in depth prior to their formal review. Readers would also have a common starting place for their discussion and be able to make a better-informed approval decision.

Q COMP PARTICIPATION

In this section, we discuss the characteristics of school districts and charter schools participating in Q Comp. We also examine why some school districts and charter schools have chosen to participate in Q Comp while others have not.

Participation Rates

In the 2008-09 school year, 44 school districts and 28 charter schools—13 percent of school districts and 18 percent of charter schools—are participating in Q Comp (see Table 1.1). Collectively, these schools served over 250,000 students in 2007-08 (just over 30 percent of the total K-12 student population) and employed about 16,000 teachers (just under 30 percent of K-12 teachers).

Most participants (38) implemented Q Comp in the 2006-07 school year, the second year of the program. An average of 12 participants joined in each of the three other years the program has been in place.³⁰ Based on our analysis of Q Comp participation, we found that:

- **Larger school districts and those in the Twin Cities metropolitan area have participated in Q Comp at a higher rate than smaller school districts and those in other parts of the state.**

As detailed in Table 3.1 and illustrated in Figure 3.3, almost 50 percent of school districts in the seven-county metropolitan area participate in Q Comp, while only 7 percent of outstate districts participate.³¹ Similarly, over 50 percent of school districts with an enrollment of over 5,000 students participate in Q Comp; only 4 percent of districts with enrollments under 1,500 students do. Although nearly all charter schools have enrollments under 1,500 students, their rate of participation is higher than that of small school districts. Just over 18 percent of charter schools are participating in Q Comp during the 2008-09 school year.³²

Table 3.1: School Districts Participating in Q Comp by Location and Student Enrollment, 2008-09 School Year

	Metropolitan Area				Outstate				Total			
	Participating		Not Participating		Participating		Not Participating		Participating		Not Participating	
	N	%	N	%	N	%	N	%	N	%	N	%
More than 5,000 Students	17	63%	10	37%	2	22%	7	78%	19	53%	17	47%
1,500 to 5,000 Students	7	35	13	65	8	14	49	86	15	19	62	81
Less than 1,500 Students	0	0	2	100	10	5	213	96	10	4	215	96
Total	24	48%	25	52%	20	7%	269	93%	44	13%	294	87%

NOTES: This table does not include charter schools, intermediate school districts, integration school districts, or the Perpich Center for Arts Education. Metropolitan area school districts are districts with more than half of their geographic area lying within the seven-county Twin Cities Metropolitan Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties). Two school districts in the metropolitan area, Minneapolis and Roseville, are categorized above as participants but have implemented Q Comp at only some of their schools.

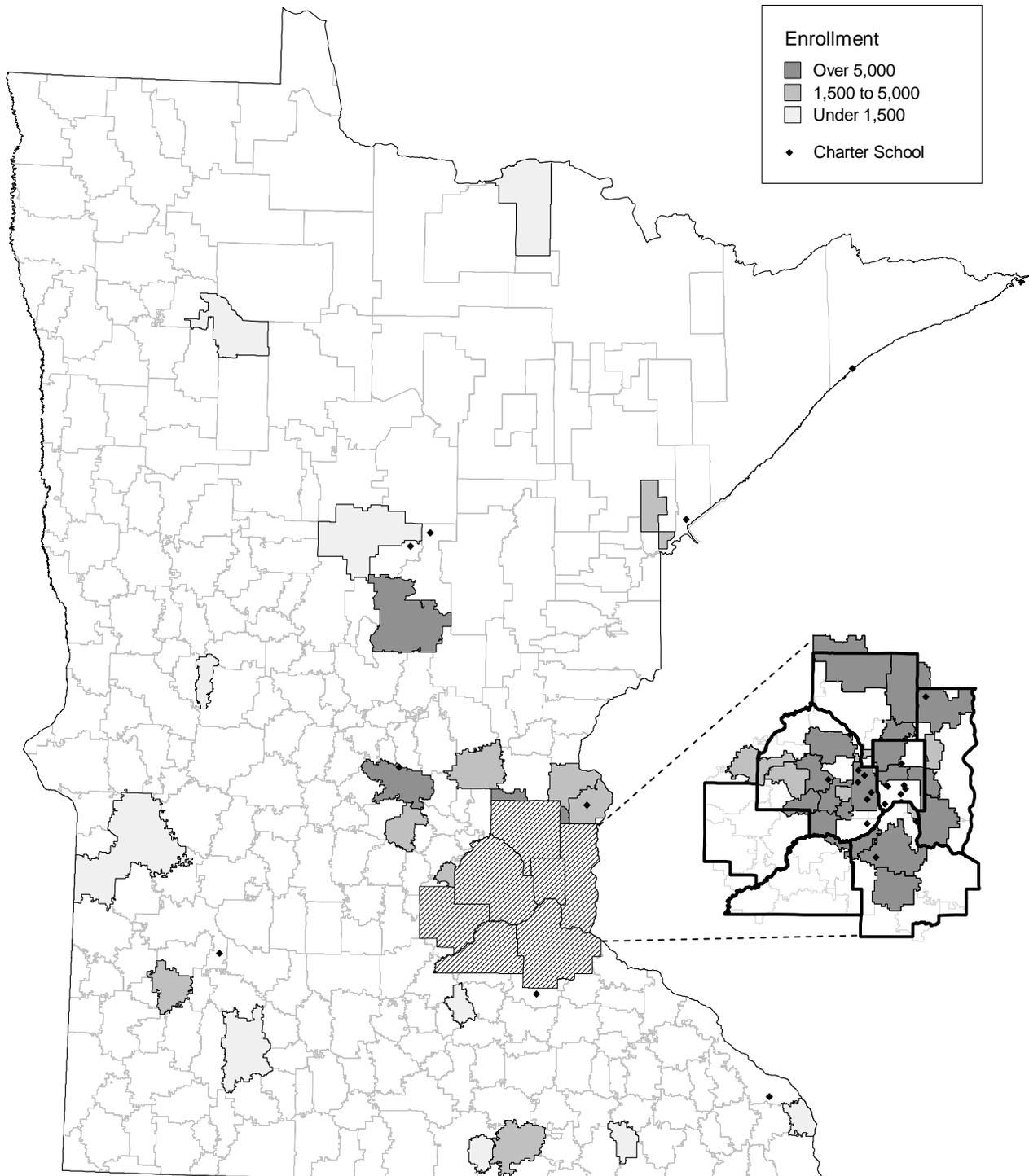
SOURCE: Office of the Legislative Auditor, analysis of Minnesota Department of Education Q Comp participation and enrollment data.

³⁰ Two Q Comp participants no longer participate in the program: the Alexandria School District discontinued the program in 2007 and the Heart of the Earth Charter School closed in fall 2008.

³¹ The seven-county metropolitan area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. For the purposes of this analysis, we classified school districts with more than half of their geographic area lying within the seven-county Twin Cities Metropolitan Area as metropolitan-area districts.

³² Rates of applying to the program largely mirror the participation rates outlined above. As of December 15, 2008, 61 percent of large school districts had applied to Q Comp, 39 percent of medium-sized school districts had applied to Q Comp, and only 8 percent of small school districts had applied to the program.

Figure 3.3: School Districts and Charter Schools Participating in Q Comp by Enrollment, 2008-09



NOTE: All charter schools but one have less than 1,500 students.

SOURCE: Office of the Legislative Auditor.

As part of our site visits with Q Comp participants, we asked why their school districts and charter schools chose to participate in Q Comp. We found that:

- **Most Q Comp school districts and charter schools that we visited entered the program primarily because of the additional funding.**

Ten of the 11 school districts and charter schools we visited that had participated in Q Comp said that additional funding was a primary reason for entering the program. In their responses to our questionnaire, all Q Comp participants said that the additional Q Comp funding was a “positive” or “very positive” factor in their decision to apply to the program. Among the nine school districts and charter schools we visited that have not participated in Q Comp, seven have seriously considered entering the program. Staff from several of these school districts and charter schools also identified funding as a driving factor in their interest in the program.

Some Q Comp participants we visited identified other reasons in addition to funding for participating in Q Comp. Some participants commented on the opportunity the program provided to improve student learning and focus on student achievement. Many participants also identified increased teachers’ professional development as a motivating factor to participate in Q Comp. In response to our questionnaire, over 95 percent of program participants described “creating leadership positions and professional development opportunities for teachers” as a “positive” or “very positive” factor in their decision to apply for Q Comp.

Barriers to Participation

Because of the funding available through Q Comp (up to \$260 per pupil), some have wondered why more school districts and charter schools are not participating in the program. Based on our site visits and questionnaire responses from districts and schools that do not participate in Q Comp, we identified two main reasons why many school districts and charter schools do not apply: (1) reluctance among teachers to participate and (2) concerns about the stability of Q Comp funding. We discuss each of these reasons below. Additionally, we discuss the unique situation of smaller school districts, which participate in Q Comp at a much lower rate than other school districts and charter schools.

Reluctance Among Teachers

A key characteristic of Q Comp is that teachers must collectively agree to participate in the program. As discussed earlier, the exclusive representative of teachers is required to sign a school district’s Q Comp application. Similarly, charter schools are required to show that 70 percent of the school’s teachers agree to implement the Q Comp plan. We found that:

- **Reluctance among teachers to participate in Q Comp has discouraged many school districts from applying to the program.**

In response to our questionnaire, over half of school districts that had not applied to Q Comp cited opposition or indifference among their teaching staff or unions

In our survey, opposition or indifference among teaching staff was the most common reason cited for not applying to Q Comp.

as a reason for not applying.³³ This was the most common reason cited for not applying to the program. Additionally, some of the school districts we visited that do not participate in Q Comp identified teacher reluctance to revise the steps and lanes salary schedule, specifically, as a barrier to participating in the program.

Teachers in nonparticipating school districts and charter schools had negative views of many aspects of Q Comp, as shown in Table 3.2. As part of our evaluation, we mailed questionnaires to 1,046 teachers across the state to learn more about their views of Q Comp. We received responses from 55 percent (274) of the teachers in Q Comp settings and 42 percent (207) of the teachers in nonparticipating school districts and charter schools.³⁴ According to responses to our questionnaire, almost 75 percent of teachers who are not in Q Comp thought linking teacher pay to students' standardized test scores would have a negative or strongly negative effect on their schools (63 percent thought it would have a strongly negative effect).³⁵ Similarly, 62 percent thought linking teacher pay to other measures of student achievement would have a negative or strongly negative effect on their schools. Finally, almost 50 percent of nonparticipating teachers who responded to our questionnaire thought linking teacher pay to performance evaluations would have a negative or strongly negative effect on their schools.

In general, teachers in nonparticipating school districts and charter schools had less favorable opinions of Q Comp than teachers in participating districts and schools, as shown in Table 3.2.³⁶ However, teachers who responded to our questionnaire, regardless of whether they were in a participating district or school, had mixed views regarding the effect on their school of reforming the steps and lanes salary schedule.³⁷

³³ Charter schools that had not applied to Q Comp were much less likely to cite teacher reluctance as a reason for not applying. Less than 5 percent of charter schools said teachers' concerns were the reason they did not apply to the program.

³⁴ We mailed the questionnaire to 523 teachers who taught in a Q Comp school during the 2007-08 school year and to 523 teachers who taught in schools that were not participating in Q Comp during that same school year. Response rate calculations exclude 56 surveys returned as undeliverable.

³⁵ For the results from our survey of teachers who were not in Q Comp settings, the 95-percent confidence interval around each result is plus or minus 7 percentage points. (A 95-percent confidence interval means that if samples of the same size were drawn repeatedly from the same population of teachers, 95 percent of the intervals would contain the true percentage of these teachers that would give each response.)

³⁶ For the results from our survey of Q Comp teachers, the 95-percent confidence interval around each result is plus or minus 6 percentage points.

³⁷ Large percentages of teachers expressed a neutral opinion, answered "don't know," or did not answer a question regarding their views of the effect of reforming the salary schedule. Forty-six percent of teachers not in Q Comp and 60 percent of teachers in Q Comp fell into one of these three categories.

In general, teachers not in Q Comp have less favorable opinions of the program than teachers in Q Comp settings.

Table 3.2: Teachers’ Opinions of Q Comp Performance-Based Pay and Salary Components

	Positive or Strongly Positive	Neutral	Negative or Strongly Negative	Did Not Answer or Don't Know
<i>What effect would linking teacher pay to students’ standardized test scores have (or has it had) on your school district or charter school?</i>				
Teachers Not in Q Comp	4%	9%	74%	13%
Teachers in Q Comp	14	20	53	14
<i>What effect would linking teacher pay to other measures of student achievement have (or has it had) on your school district or charter school?</i>				
Teachers Not in Q Comp	11%	13%	62%	14%
Teachers in Q Comp	25	25	36	14
<i>What effect would linking teacher pay to performance evaluations have (or has it had) on your school district or charter school?</i>				
Teachers Not in Q Comp	17%	20%	49%	14%
Teachers in Q Comp	33	27	30	10
<i>What effect would reforming the steps and lanes salary schedule have (or has it had) on your school district or charter school?</i>				
Teachers Not in Q Comp	15%	21%	39%	25%
Teachers in Q Comp	11	27	29	33

NOTES: We mailed the questionnaire to 1,046 teachers: 523 who taught in a Q Comp school during the 2007-08 school year and 523 who did not teach in a Q Comp school during that year. We received responses from 55 percent (274) of teachers in participating school districts and charter schools and 42 percent (207) of teachers in nonparticipating districts and schools. The 95-percent confidence intervals for Q Comp participants and nonparticipants are plus or minus 6 and 7 percentage points, respectively. Percentages may not sum to 100 due to rounding.

SOURCE: Office of the Legislative Auditor.

Concerns about Q Comp Funding

As discussed in Chapter 1, Q Comp participants are eligible to receive up to an additional \$260 per pupil in general education funding. This funding is a mix of state aid and local levies.³⁸ We found that:

- **Questions about whether the Legislature will continue to fund Q Comp have discouraged some school districts and charter schools from participating in the program.**

Staff from 70 percent of the nonparticipating school districts and charter schools we visited expressed concern that the Legislature would not continue funding for Q Comp. Staff from several of these districts and schools stated that concerns about the Legislature’s commitment to Q Comp has affected their consideration

³⁸ As discussed in Chapter 1, because charter schools cannot levy local funds, participating charter schools receive an adjusted amount of state aid. This amount is estimated to be \$249.72 for fiscal year 2008.

In our survey, staff from nonparticipating school districts and charter schools expressed concern about the continued availability of Q Comp funding.

of the program. Legislative action taken during the 2008 session to reduce the amount of Q Comp funding available, as discussed in Chapter 1, exacerbated these concerns.

Responses to our questionnaire also identified concerns about the long-term availability of funding for Q Comp. For example, in response to a question about why his school district did not participate in Q Comp, one survey respondent wrote: “The funding source was not considered stable over the long haul.” Another nonparticipant responded, “Concern over possible removal of funding....” Yet another nonparticipant stated, “The lack of commitment from state funding for the future makes this effort not worthwhile.”

In response to an open question regarding why they had not applied to Q Comp, 10 percent of school districts and charter schools that had not applied to Q Comp said that they did not apply because they were concerned about the long-term stability of state funding. In our survey of teachers in nonparticipating school districts and charter schools, 47 percent agreed or strongly agreed with the statement, “The Legislature will probably discontinue the Q Comp program within the next five years.”

Concerns about the stability of the program are shared by Q Comp participants. One respondent said: “Every time a group of legislators proposes to eliminate or phase out Q Comp it takes months to get all the teachers on board in support of this program.”

Some participants expressed an interest in having Q Comp funding increase in tandem with general education funding or inflation. Some participants also expressed concern about the shifting ratio between state- and locally funded Q Comp revenue, as discussed in Chapter 1. For example, in response to our questionnaire, one school district administrator said:

The Legislature should stop shifting the cost to the local tax payers by reducing aid and increasing levy authority. We agreed as a school district to live within the constraints of the aid we receive. We’ll need to cut approximately \$150,000 from the 2009-10 Q Comp program because of shifts. If those shifts continue, they will eventually kill the program in our school district.

Small School Districts

As discussed previously, a lower proportion of small school districts (those with less than 1,500 enrolled students) participate in Q Comp than larger school districts or charter schools. While the reasons for this difference are not entirely clear, many administrators in small districts told us that resource limitations make it more difficult for small districts to apply to Q Comp and implement the program.

Applying to Q Comp requires significant resources. In response to our questionnaire, Q Comp applicants indicated that they spent considerable time preparing, revising, and submitting their Q Comp applications. Some applicants

reported designating a few staff people to the project and had those individuals devote a large amount of their work time to developing the Q Comp plan. One small outstate school district reported that “three people worked 15 percent time on developing our Q Comp plan over a period of seven months.”

Other applicants involved as many as 10 or more staff members, with each person spending a smaller amount of time on the plan. An administrator from a large metropolitan-area district wrote: “A committee composed of 14 representatives met semi-monthly (three-hour meetings) from September through December. In addition, two staff members worked approximately 10 hours per week on plan development from September through December.” Most participants took several months to develop their plans.

Small school districts may face challenges finding the time to prepare an adequate Q Comp application or to implement the program.

Small districts with limited administrative staff may face challenges in finding the time to prepare an adequate application. For example, when asked in our questionnaire why they did not apply to Q Comp, one respondent from a small school district said: “We are a small school with a small budget, which results in very limited staff. We simply have not yet had sufficient time to dedicate to this process, although we very much want to apply to participate in Q Comp.” A respondent from another small school district said, “We are a small school district with only one full-time principal and the extra amount of time and the small amount of revenue would not allow our district to get involved.”

Staff in a small school district we visited said that the staff who developed their Q Comp plan dedicated significant time to its development outside of their regular work hours and without compensation. They estimated that the team of 10 to 12 people who worked on the plan dedicated about ten hours a week to its development, over a period of several months. Staff said that the district could not have applied to Q Comp if it had to pay for the staff time to develop the plan, adding that their small district does not have the resources to dedicate that much staff time to such projects.

Implementing Q Comp also takes significant resources. Q Comp programs often require teacher evaluations and staff development sessions that did not previously occur. The resources needed to implement such a program can be especially challenging for a small school district. For example, when asked why her district did not apply to Q Comp, one respondent from a small school district said that it does not have sufficient staff to implement the program: “Our staff is too small to find the ‘mentor staff’ that would be required. We also only have one licensed administrator, so increased [teacher] observations would not work.”

RECOMMENDATION

The Minnesota Department of Education should promote the use of regional or cooperative Q Comp programs.

Because of the unique circumstances facing small school districts, we would encourage MDE to promote creative approaches for these districts to participate in Q Comp. MDE should consider regional or collaborative Q Comp plans even if teachers in these collaborative programs are eligible for different performance

pay or salaries, depending on the school district or charter school in which they teach.

Monitoring and Oversight

The Minnesota Department of Education oversees local implementation of Q Comp through program reviews and annual approval of school goals.

The Minnesota Department of Education (MDE) is charged with monitoring local Q Comp programs and enforcing the requirements of the law. Specifically, the law states:

If the commissioner determines that a school district, intermediate school district, school site, or charter school that receives alternative teacher compensation [Q Comp] revenue is not complying with the requirements of this section, the commissioner may withhold funding from that participant. Before making the determination, the commissioner must notify the participant of any deficiencies and provide the participant an opportunity to comply.¹

MDE program staff have used two methods to monitor local implementation of Q Comp: an external review process and the department's annual approval of updated site goals.² In addition, the law requires local school districts and charter schools to submit annual reports to the commissioner.³ However, MDE has not treated this requirement as meaningful, and it plays little role in the department's oversight efforts.

In this chapter, we examine MDE's oversight of Q Comp. We first discuss MDE's program reviews, followed by the department's process for approving site goals. The chapter concludes with a discussion of the annual report requirement. Each section contains recommendations for MDE to consider.

PROGRAM REVIEWS

MDE conducts program reviews of Q Comp participants for two purposes: (1) to assist school districts and charter schools by providing an external assessment of their programs and nonbinding recommendations for improvement, and (2) to assess whether Q Comp participants are complying with program requirements.

Program Review Process

Program reviews generally consist of a visit to the participating school district or charter school by a team of outside evaluators and a review of documents by MDE staff. The visiting evaluation team consists of one MDE representative and

¹ *Minnesota Statutes* 2008, 122A.414, subd. 3(b).

² When participants want to substantially change their Q Comp programs from the plans in their original applications, they must request permission to do so. MDE staff have used the information contained in plan change requests as an additional check on program compliance.

³ *Minnesota Statutes* 2008, 122A.414, subd. 3(a).

two or more representatives from other school districts or charter schools participating in Q Comp. Using a standard protocol developed by MDE, the team evaluates each component of the participant’s Q Comp program. The portion of the protocol used to evaluate the career advancement component is shown in Figure 4.1. Based on interviews with district and school administrators and staff, the evaluation team places a check mark next to each item that is present in the participant’s Q Comp program. If all items are checked, the participant “meets expectations” for that specific component. If any items are missing, then the participant fails to meet expectations. In another part of the protocol (not displayed in Figure 4.1), the team provides brief written comments identifying areas of strength and areas that need improvement for each component. MDE then sends the participant a copy of the team’s report and the results of the document review.

MDE has defined three “levels” of program review. Participating school districts and charter schools start at Level 1, the most intensive review level. If a participant meets expectations for each component during the Level 1 review, it can move to Level 2 the following year. If not, it must continue undergoing Level 1 reviews each year until it moves to Level 2. Similarly, once a program reaches Level 2 status, it must meet expectations for all items examined by that

Figure 4.1: Excerpt from Minnesota Department of Education’s Criteria for Program Reviews

During reviews of local Q Comp programs, evaluation teams verify that certain elements are in place.

Criteria	Meets Expectations:	
	Yes	No
Career Ladder/ Advancement Options	<input type="checkbox"/>	The career ladder has been fully implemented.
	<input type="checkbox"/>	Teachers clearly understand the role of the career ladder positions.
	<input type="checkbox"/>	The hiring process for these positions is equitable and transparent.
	<input type="checkbox"/>	The ratios for these positions are reasonable and can easily be accomplished in the time provided for the position.
	<input type="checkbox"/>	Adequate release time is provided.
	<input type="checkbox"/>	An evaluation system is in place for the position and the salary augmentation is awarded in relation to completing the duties of the position.

* All indicators for each criteria must meet expectations for that criteria to be rated as meeting expectations.

NOTE: Columns for evaluators to write in “commendations” and “recommendations” are not shown.

SOURCE: Minnesota Department of Education, *Peer Review Report* (Roseville, MN, undated).

review in order to move to Level 3; otherwise it undergoes a Level 2 review annually until it advances.

The program review requirements for each level are summarized in Table 4.1. At Level 1, participants must submit extensive documentation to MDE on their Q Comp programs, including examples of team meeting minutes and completed teacher evaluation forms. The evaluation team interviews various local stakeholders and visits at least two schools at each school level (elementary, middle, and secondary) to interview teachers and observe team meetings.⁴ At Level 2, participants submit far less documentation for MDE's review, as detailed in Table 4.1. The site visit follows the same approach as in Level 1, but fewer schools are visited.⁵

Under MDE's current program review framework,

- **Not all Q Comp participants are subject to regular oversight by the Minnesota Department of Education.**

The department does not currently require Level 3 Q Comp participants to undergo program reviews. Level 3 participants may choose whether to take part in the review process, though MDE states it can require a program review if “a problem arises.”⁶ Level 3 participants essentially customize their review; they can choose to have just a site visit, just a document review, or no review at all. None of the five Q Comp participants that had reached Level 3 opted to undergo any part of the program review process in 2008.⁷

MDE program staff told us that they viewed this system, in which successful programs no longer participated in program reviews, as temporary. MDE would like to require Level 3 participants to undergo program reviews on a periodic but less frequent basis, such as once every three years. MDE plans to consult with participating school districts and charter schools before adopting this change.

In addition to participants that have achieved Level 3 status, school districts and charter schools that use the Teacher Advancement Program (TAP) as their version of Q Comp are also exempt from the program review requirement.⁸ According to MDE staff, each TAP school is already subject to a rigorous external review through TAP's sponsor, the National Institute for Excellence in

Some Q Comp participants may choose whether to have a program review.

⁴ For school districts, the evaluation team may also visit other sites, such as Early Childhood Family Education programs, Adult Basic Education programs, and alternative learning centers. For smaller school districts and charter schools, the evaluation team may visit all sites (only one or two schools in some instances).

⁵ For charter schools and smaller school districts, the number of schools visited in a Level 2 review is often the same as in a Level 1 review because there are few sites.

⁶ Minnesota Department of Education, *Q Comp Program Review Process* (Roseville, MN, undated), 1.

⁷ The five were the Fridley, Hopkins, La Crescent-Hokah, and St. Francis school districts and the Duluth Public Schools Academy.

⁸ See Chapter 1 for a description of TAP. Currently, TAP is used by the Minneapolis Public Schools (though not at all schools in the district) and by Sojourner Truth Academy.

Table 4.1: Q Comp Program Review Requirements

Level	Documentation Submitted to MDE	Visit to Participant by Outside Evaluators
1	<p>Update on all components, including any changes made in response to a previous program review</p> <p>Job posting for each Q Comp-related leadership position</p> <p>Outline of selection process for Q Comp-related leadership positions; interview questions used</p> <p>Updated professional development calendar for every school site</p> <p>Complete set of team meeting agendas and minutes for two teams per school site</p> <p>Copies of materials used to train all staff on Q Comp plan</p> <p>Five completed observations/evaluations, including both high- and low-performing teachers. If applicable, completed personal growth plans for same five teachers</p>	<p>Participant makes presentation to evaluators</p> <p>Evaluators interview:</p> <ul style="list-style-type: none"> - District administrators - Union representative - School board members - Teachers holding Q Comp-related leadership positions <p>Evaluators visit at least two elementary sites, two middle school sites, and two secondary sites (unless participant does not have this many sites), and:</p> <ul style="list-style-type: none"> - interview classroom teachers at each site (chosen by participant) - view a team meeting (or video of a team meeting)
2	<p>Update on all components, including any changes made in response to a previous program review</p> <p>Updated professional development calendar for each school site</p>	<p>Participant makes presentation to evaluators</p> <p>Evaluators interview:</p> <ul style="list-style-type: none"> - District administrators - Union representative - School board members - Teachers holding Q Comp-related leadership positions <p>Evaluators visit at least one elementary site, one middle school site, and one secondary site (unless participant does not have this many sites), and:</p> <ul style="list-style-type: none"> - interview classroom teachers at each site (chosen by participant) - view a team meeting (or video of a team meeting)
3	<p>Voluntary; could include any of the above</p>	<p>Voluntary; could include any of the above</p>

Q Comp program review requirements vary depending on the “level” of the participant.

SOURCE: Office of the Legislative Auditor, based on Minnesota Department of Education, *Q Comp Program Review Process* (Roseville, MN, undated).

Teaching (NIET). MDE performed program reviews during these participants' first year of TAP implementation to make sure the programs were "on track." In subsequent years, MDE has relied on NIET's oversight. For each TAP school reviewed, MDE receives a single-page summary containing 14 numerical rankings and some brief narrative comments.

Program Review Outcomes

Different reviewers have reached different conclusions about the same Q Comp program.

MDE does not require that local Q Comp programs eventually advance to Levels 2 and 3; in theory, a program can remain at Level 1 indefinitely without penalty. Nonetheless, incentives exist for advancing through the levels. School districts and charter schools at Level 2 have a substantially lower administrative burden in preparing for the annual program review than Level 1 programs, and Level 3 programs currently need not participate in the process at all. Additionally, status as a Level 3 Q Comp program is regarded by some local administrators and school boards as a significant achievement. MDE program staff told us that when a program fails to advance a level they routinely receive anxious calls from local administrators.

We examined all program review reports sent to Q Comp participants in 2006, 2007, and 2008.⁹ We also conducted site visits of ten participating school districts and charter schools, sent a questionnaire to all school districts and charter schools in the state, attended MDE meetings for Q Comp participants, and interviewed MDE staff. Finally, we observed a program review of a school district in May 2008. We found that:

- **The Minnesota Department of Education's program review process has not provided consistent oversight of Q Comp programs.**

MDE has not ensured that different program review evaluators reach the same conclusions when assessing the same program.

Our analysis of program review reports indicated that different program reviewers have sometimes reached different conclusions regarding the same aspects of a program. Of 42 Q Comp participants that underwent program reviews in both 2007 and 2008, we found 9 instances in which (1) 2007 program reviewers found a specific defect but gave the program a passing grade on that specific component anyway, and (2) 2008 program reviewers of the same program found the exact same defect but this time gave the component a failing grade based, in part, on that defect. One charter school administrator we visited expressed frustration that the elements of his school's program identified as needing improvement in its most recent review had not been noted in its previous review.

Some of the school districts and charter schools we visited expressed dissatisfaction with the consistency of the program review process. One school

⁹ MDE conducts program reviews between January and June; thus, a program review in 2008 took place in the 2007-08 school year.

district administrator said that in his district's experience, the usefulness of the program review process depended on who happened to be on the review team. A superintendent who has served several times as an outside evaluator told us that improving consistency was the most important improvement MDE could make to Q Comp, and cited program reviews as a specific example.

Even when the evaluation teams themselves are consistent, the results of program reviews can be inconsistent based on which teachers meet with the evaluation team. One local Q Comp coordinator who has served as an outside evaluator several times said that some participants have chosen the most supportive teachers to be interviewed, while others have chosen teachers who might express more critical views. According to MDE staff, in some school districts, union leadership influences the selection of teachers that meet with the program review team.

Not all participants reported negative experiences with the program review process. Some administrators we spoke with expressed favorable opinions. One superintendent characterized the process as "reasonable and important," and said that the outside evaluators had identified areas her school district needed to improve. In our survey of Q Comp school districts and charter schools, respondents were evenly divided on whether MDE's program review process has been consistent across the years.

Further, even those expressing concern about the consistency of program reviews said that the process provides an important benefit to the reviewers. In our interviews, local administrators who had served as outside reviewers told us that observing other programs was valuable and gave them a better perspective on their own programs.

MDE has moved to address concerns about the consistency of program reviews. In particular, MDE has simplified and clarified the criteria used by outside evaluators to determine whether a program has met expectations for each component. MDE is also exploring ways to develop a cadre of expert reviewers, though such an approach presents logistical challenges and is complicated by state contracting requirements.

We also found that:

- **The Minnesota Department of Education has made conflicting statements to Q Comp participants about its use of program reviews to assess compliance.**

MDE uses program reviews to check for compliance with program requirements but publicly states it does not. In one instance, this discrepancy led MDE to send a school district two conflicting letters based on the same program review.

The Minnesota Department of Education has taken steps to improve the consistency of its program reviews.

The Minnesota Department of Education has used program reviews to monitor compliance with Q Comp requirements.

Documents distributed by MDE state that program reviews are “not linked to compliance or to continued funding.”¹⁰ Advancement through the program review levels is entirely separate from MDE’s compliance process. According to MDE staff, the department has made this distinction because program participants and other stakeholders have strongly advocated that Q Comp program reviews be solely “formative”—that is, the program reviews should help participants improve their programs and not be used to enforce the law or monitor compliance.

Nonetheless, MDE does use information gathered by its staff during the program review process to assess whether participants comply with program requirements. Program reviewers are instructed to notify MDE if they encounter program elements that do not comply with the law. Program reviewers do not assess whether a compliance issue is serious enough for MDE to take action; that decision is handled solely by MDE.

MDE has drawn from program reviews several times to identify noncompliant elements in participants’ programs. MDE has often addressed these problems informally. For example, MDE staff determined from one school district’s program review and annual report that the district was improperly allowing teachers to opt out of its Q Comp program. MDE staff met with district administrators to address this issue and received assurances that the problem would be addressed.

To date, MDE has twice formally threatened to withdraw Q Comp funding from a participating program for lack of compliance with program requirements.¹¹ In the most recent instance, the St. Cloud Area Public Schools received a negative program review report in February 2008. However, MDE’s letter accompanying the report stated that the district could continue in the Q Comp program the following year. The program review report did not notify the district that it would be required to address deficiencies or face losing its Q Comp funding. But in July 2008, MDE notified St. Cloud that it was at risk of losing funding. The department’s letter specifically stated that MDE had used the program review, in part, to reach its conclusions:

This letter is a follow-up to the plan change request submitted by the St. Cloud Area School District in November and the Program Review conducted in January. Based on the review of these items, it has been determined that the district is not in

¹⁰ Minnesota Department of Education, *Peer Review Report* (Roseville, MN, undated) and Minnesota Department of Education, *Q Comp Peer Review-Site Visit Interview* (Roseville, MN, undated), 1.

¹¹ The Marshall School District made changes to its program after receiving a formal letter from MDE in 2006.

compliance with the requirements outlined in the application, approval letter, follow-up correspondence, or the legislation.¹²

MDE staff told us that the department delayed sending the compliance letter immediately following the program review report because of the sensitivity surrounding the use of program reviews to monitor compliance. Additionally, MDE staff told us that the delay could have enabled the district to make changes in response to the program review; if appropriate changes had been made, then the department might not have needed to take further action. However, as noted above, the district was not advised of the seriousness of the situation until it received the letter threatening the withdrawal of funding. District administrators told us that they were “shocked” at the extent of deficiencies listed in that letter.

Recommendations

The program review process is a reasonable way for the department to assess the performance of individual Q Comp programs and confirm that they are adhering to state requirements. However, we believe the process should be strengthened and improved.

RECOMMENDATION

The Minnesota Department of Education should conduct periodic program reviews of all Q Comp participants.

MDE staff describe the program review process as their most useful way to gather information about Q Comp programs after the application stage. However, participants may opt out of the program review process after passing two reviews. In our view, an effective oversight program should operate on a continuing basis for all participants. As noted above, MDE plans to require regular program reviews of Level 3 programs. We support this change.

MDE does not require districts implementing TAP to undergo program reviews, accepting in their place a brief one-page summary of the evaluations performed by NIET. MDE should extend the same level of oversight to all Q Comp participants, including participants that use TAP.

RECOMMENDATION

The Minnesota Department of Education should continue to make Q Comp program reviews more consistent.

¹² Letter from Alice Seagren, MDE Commissioner, to Steve Jordahl, Superintendent, and Mary Broderick, President of the Exclusive Representative of Teachers, St. Cloud Area Public Schools, July 14, 2008. The plan change request was a formal request by the district to alter its Q Comp plan. As suggested in the quotation, the plan change request was sent prior to the program review.

As described above, MDE has improved the consistency of its program reviews by clarifying the criteria used by outside evaluators. We applaud the department's efforts to improve the program reviews and encourage continued refinements of the process.

Additionally, we think MDE evaluation teams should gather observations and opinions from teachers other than those handpicked by local administrators or union leaders. One approach would be to select a list of teachers at random and require that some of those teachers meet with the evaluation team. Alternatively, MDE could develop a standardized questionnaire regarding the local implementation of Q Comp. Participants could distribute this questionnaire to all teachers (or to a random sample) and have the responses sent directly to MDE.

RECOMMENDATION

The Minnesota Department of Education should have a more explicit compliance component in its Q Comp program reviews.

MDE has said that Q Comp program reviews are not linked to compliance monitoring in documents distributed to program participants. This stated position does not accurately reflect the department's use of program reviews. Program participants should know how and when their performance is being assessed and be given the results of those assessments in a clear and timely fashion.

Each program review should produce two documents: a "formative," nonbinding assessment representing the opinions of the evaluation team, and a letter describing any compliance issues representing the judgment of MDE. In many cases, the compliance letter would be a simple statement that no improper activities were noted. In instances when MDE identifies a violation of program requirements, the letter should indicate how serious the violation is, offer assistance in finding a solution, and set a deadline for taking action. For minor infractions, it may be sufficient to require that the problem be remedied by the following year's program review.

APPROVAL OF SITE GOALS

As described in Chapters 1 and 2, teacher performance pay under Q Comp must be tied, in part, to schoolwide student achievement on standardized tests. Each school sets a goal for test scores. If the students achieve that goal, teachers at the school receive performance pay bonuses or salary increases, depending on the details of the specific Q Comp plan. As a result, these goals play a critical role in shaping the local implementation of Q Comp.

MDE has not systematically tracked how many Q Comp schools statewide have met their goals. However, school districts and charter schools do carefully assess at the local level whether schools have met their goals; determining whether a school has met its goals is an important part of calculating the performance pay amount for that school's teachers.

Every Q Comp school must set annual student achievement goals.

In this section, we discuss MDE’s process for evaluating and approving these goals and make recommendations for improvement.

Approval Process

The Minnesota Department of Education reviews and approves schools’ annual student achievement goals.

MDE requires participating school districts and charter schools to submit updated student achievement goals to the department by October 1 of each year. The goals are reviewed and approved by MDE program staff. MDE has asserted its authority to review and approve annual goal updates using its broad oversight powers, reasoning that participants should not be forever accountable to the same goals proposed in their initial application. By requiring annual submission of goals, MDE seeks to ensure that participants set meaningful standards that provide an incentive for teachers to improve student performance.

We found that:

- **The Minnesota Department of Education and program participants have struggled with the approval of site goal updates.**

In fall 2007, MDE required 55 percent of Q Comp participants to revise some or all of the goal update forms they had submitted for that year.¹³ Frequently, goals were returned for revisions because of imprecise language. For example, some participants have submitted goals stating that a certain percentage of students would achieve a minimum “RIT” score on the Minnesota Comprehensive Assessment, Series II (MCA-II) assessment (the RIT score is a measure used on a different standardized test, not the MCA-II). In other instances, school districts or charter schools were using the assessments incorrectly. Some goals were rejected because they did not set a high enough level of achievement in the context of the school’s recent test scores. Additionally, MDE has sometimes not approved a goal until a participant revises its justification for setting the goal at a particular level.

The Minnesota Department of Education has required a significant number of Q Comp participants to revise or clarify their goals.

Recognizing that the high percentage of unsatisfactory goals indicated that program participants were having difficulty, MDE increased its technical assistance on the goal-setting process. MDE introduced the “SMART goal” framework to encourage that goals be specific and strategic, measurable, attainable, results-based, and time-bound. Despite MDE’s efforts to clarify the goal-setting process, the proportion of participants required to revise and resubmit some or all of their goal update forms increased to 75 percent in fall 2008.

Though the SMART goal framework made MDE’s criteria clearer, MDE has not published comprehensive guidelines that schools can use to set goals. For example, the department has not published a list of acceptable standardized

¹³ This figure excludes those school districts and charter schools that began Q Comp in fall 2007. Most of these participants kept the same goals that had been reviewed and approved in their initial applications earlier that same year.

The Minnesota Department of Education has had difficulty setting clear guidelines for annual goals.

assessments or the measures on commonly used assessments that it considers acceptable.

MDE has also struggled to set clear guidelines for rigor, even though it has rejected some goals for not being sufficiently ambitious. In its standard 2007 letter informing participants whether their goals had been accepted, MDE wrote that updated goals should contain a minimum 2-percent increase in student test scores over the previous year.¹⁴ However, MDE later found that some participants were setting 2-percent growth goals for every school, even when such a target was too easy to meet given past trends.

While the department has struggled to improve the quality of participants' goals, several school districts and charter schools we visited expressed frustration with the timeline of the goal update process. In 2007, program participants did not receive notice that their goals required revision until December 19, 2007, immediately prior to the winter break. MDE gave participants a deadline of January 18, 2008, to submit revised goals. District and charter schools needing to revise goals did not receive final approval of their site goals until February, so late in the school year that it was difficult for some schools to reorient their program to the new goals.

Recommendations

The department needs to play an oversight role as Q Comp participants change their goals over time. However, the department cannot continue with the current system, and its previous efforts to solve the problems have not been effective. Our two recommendations are intended to address the difficulties described above.

RECOMMENDATION

The Minnesota Department of Education should develop and publish criteria for evaluating Q Comp site goals in the same manner it publishes criteria for evaluating Q Comp applications.

The department should put its goal approval criteria in writing. Clear guidelines for how the department will assess goals will not only clarify MDE's requirements for program participants but will also simplify the department's job of evaluating the goals and promptly responding to participants. For example, the department should publish a list of acceptable standardized assessments, the measures for each assessment that it will accept, and a description of the information it would require to add an assessment to its list of acceptable measures. Once these criteria are published, they should be used throughout the goal evaluation process and remain unchanged until the following year's cycle.

¹⁴ The department said that a goal of less than 2 percent would be acceptable if over 90 percent of students at the school were already meeting the goal.

RECOMMENDATION

The Minnesota Department of Education should change its current timelines for receiving and approving site goals.

Mid-December is too late in the school year for MDE to tell schools that their Q Comp goals for the current year are not approved. If MDE continues to require annual goal updates, it should revise its submission deadlines so that it can send participants approvals or requests for revisions earlier in the school year.

Alternatively, the timing problem might be addressed by allowing schools to develop goals that span two or three years. A longer timeframe would give schools sufficient time to adjust their curriculum choices and professional development planning even if they must revise their original goals as late as December. Although we encourage MDE to consider this suggestion, we did not have enough evidence to fully evaluate its advantages and disadvantages—for example, using multi-year goals may unacceptably complicate the calculation of performance pay.

ANNUAL REPORTS

Each year, school districts and charter schools that participate in Q Comp are required by law to complete and submit to their school board a report “on the implementation and effectiveness” of their program. The report must address “each requirement” of the law and make recommendations. The school board must then send a copy of that report to MDE.¹⁵

MDE staff told us that the annual reports were intended to ensure that participants report on their programs to their local school boards. MDE has not set any guidelines for the content of annual reports. The annual report form provided to Q Comp participants simply instructs: “Please provide an update on the district’s Q Comp program that includes [a] summary of findings and recommendations.”

We reviewed all of the annual reports submitted to MDE since the program’s inception. We found that:

- **Participants vary greatly in the information they provide in their Q Comp annual reports.**

Some school districts and charter schools have submitted a few paragraphs of text as their annual report; others have sent over 15 pages of narrative, supporting documents, and data charts. Some annual reports are the presentation slides used at school board meetings.

Although participants are required to submit annual reports to the Minnesota Department of Education, the department has not set any guidelines for their content.

¹⁵ *Minnesota Statutes* 2008, 122A.414, subd. 3(a).

Although MDE has insisted that program participants submit annual reports to MDE as required by law, it accepts all submissions uncritically. In one instance, a school district submitted the identical four-page document for its 2008 annual report that it had submitted as its 2007 annual report. MDE program staff did not find fault with this report even after we pointed it out to them, saying the district's school board had the ability to accept the same report as the previous year if it chose to do so. In another instance, a charter school submitted an annual report consisting of three sentences. MDE staff told us that "since there are no guidelines as to what has to be reported in the annual report, [it] may be any length." MDE does not use the annual reports in a systematic fashion and MDE staff say that some reports are of little use.

MDE staff told us that they have not set guidelines for the annual reports because the law does not detail what the reports should contain. However, the statutes do not mention the program review process at all, and yet MDE has used its oversight authority to require school districts and charter schools to submit extensive documentation to the department and open their schools to site visits by outside evaluators.

RECOMMENDATION

The Minnesota Department of Education should decide how it plans to use the information contained in the annual reports and establish relevant requirements.

We have two concerns with MDE's administration of the annual report requirement. First, the department is charged with ensuring that Q Comp participants meet the requirements of the law. In our view, if a school board accepts a report that is identical to the previous year's report, the district may not have met the statutory requirement. Similarly, we do not see how a three-sentence discussion meets the law's mandate that reports "particularly [address] each requirement" of the Q Comp law.

Second, as we discussed earlier in this chapter, not all participants are currently subject to regular program reviews by MDE. For participants that have advanced to Level 3 program review status, the only reports that the department receives are the annual goal updates and the annual reports.¹⁶ If the department does not adopt our recommendation to require program reviews of Level 3 participants, the annual reports become the only source of ongoing information about the use of Q Comp funds by these school districts and charter schools.

MDE should consult with stakeholders to determine what role the annual reports should play in its oversight of Q Comp. Once the department establishes how it will use the report, it can determine what information it needs to gather from participants. MDE should then set clear standards in a timely manner so that

¹⁶ If a participant requested permission to change its Q Comp program, that would also provide another means for MDE to examine its implementation.

participants know as soon as possible what information they will be asked to submit at the end of this school year.

List of Recommendations

- The Minnesota Department of Education should develop a process to apply changes in Q Comp requirements to all participating school districts and charter schools (p. 47).
- The Minnesota Department of Education should clearly identify its minimum requirements for approving Q Comp applications. In some cases, this would require the department to distinguish between requirements and recommended practices (p. 48).
- The Legislature should revise *Minnesota Statutes* 122A.414, subd. 2b, to no longer require the Minnesota Department of Education to review Q Comp applications within 30 days of receipt. Instead, the Legislature should require the department to set deadlines for Q Comp applications at two or three specific times during the year (p. 49).
- The Legislature should amend *Minnesota Statutes* 122A.414, subd. 2b, to no longer require external application readers to review Q Comp applications. Instead, the application review and approval decision should rest with the Minnesota Department of Education (p. 49).
- If the Legislature decides to retain the use of external application readers, the Minnesota Department of Education should require them to complete application rating sheets prior to each application review session (p. 50).
- The Minnesota Department of Education should promote the use of regional or cooperative Q Comp programs (p. 57).
- The Minnesota Department of Education should conduct periodic program reviews of all Q Comp participants (p. 66).
- The Minnesota Department of Education should continue to make Q Comp program reviews more consistent (p. 66).
- The Minnesota Department of Education should have a more explicit compliance component in its Q Comp program reviews (p. 67).
- The Minnesota Department of Education should develop and publish criteria for evaluating Q Comp site goals in the same manner it publishes criteria for evaluating Q Comp applications (p. 69).
- The Minnesota Department of Education should change its current timelines for receiving and approving site goals (p. 70).
- The Minnesota Department of Education should decide how it plans to use the information contained in the annual reports and establish relevant requirements (p. 71).

Site Visit Locations

APPENDIX A

Alexandria School District
Brooklyn Center School District
Columbia Heights School District
Duluth Public Schools Academy
Duluth Public Schools
Edina School District
La Crescent-Hokah School District
Le Center School District
LeRoy-Ostrander School District
Lighthouse Academy Charter School
Marshall School District
Minneapolis Public Schools
North St. Paul – Maplewood – Oakdale School District
PACT Charter School
Stillwater School District
St. Cloud School District
St. Paul Public Schools
Stephen-Argyle School District^a
STRIDE Charter School
Waseca School District

^a We interviewed the Superintendent of the Stephen-Argyle School District over the telephone.



January 16, 2009

James Nobles
Office of the Legislative Auditor
Room 140 Centennial Building
638 Cedar Street
St. Paul, MN 55155

Dear Mr. Nobles:

Thank you for the Office of the Legislative Auditor's (OLA) program report on "Quality Compensation for Teachers (Q Comp)." The Minnesota Department of Education (MDE) appreciates the comprehensive review and evaluation of the program, particularly with regard to the Q Comp application process and program oversight.

MDE will consider the recommendations and information contained in this report and determine modifications to improve the Q Comp application process and program.

When the Q Comp legislation was signed into legislation in 2005, MDE simultaneously began program implementation and development. Since that time, MDE has made changes to the process with input from the Q Comp Advisory Committee. The Committee includes superintendents, teachers, representatives from education organizations and the business community.

The following represents MDE's specific responses to each of the OLA recommendations.

OLA Recommendation #1:

The Minnesota Department of Education should develop a process to apply changes in Q Comp requirements to all participating school districts and charter schools.

MDE Response:

MDE agrees with the recommendation. MDE recognizes that districts and charter schools implementing during the 2005-06 school year, along with a few of the school districts and charter schools implementing during the 2006-07 school year, were held to slightly different requirements. This was due to developing and implementing the Q

Comp program concurrently in a very limited amount of time when the program first started.

As recognized in the report, the application form and rubric were revised on several occasions, most notably between the 2005-06 and 2006-07 school years and again between the 2006-07 and 2007-08 school years. Also, at that time, changes were made to accommodate technological issues related to the electronic application format.

MDE, with input from the Q Comp Advisory Committee, will work to develop a process that can be used to apply consistent expectations to all districts and charter schools participating in the program. We expect to complete this process in 2009.

OLA Recommendation #2:

The Minnesota Department of Education should clearly identify its minimum requirements for approving Q Comp applications. In some cases, this would require the department to distinguish between requirements and recommended practices.

MDE Response:

MDE will work to add clarity to the identification of minimum requirements. The Q Comp application is designed for the applicant to explain the blueprint of the proposed plan and to identify exactly how the plan will be implemented in order to ensure integrity, consistency and transparency. The application is reviewed and scored using a published rubric. The rubric contains elements that are designed to ensure the Q Comp plan will ultimately improve classroom instruction and student achievement, as required by law. All other information is recommended to ensure the plan is comprehensive, easy to implement, transparent to all parties and successful.

Minnesota districts and charter schools are very unique, and all are at various points on a continuum. As stated in this report, each participating school district and charter school has developed a unique Q Comp program. For example, districts with a comprehensive school improvement planning process may not need to have separate action plans, scopes and sequences, and schoolwide professional development calendars while other districts that do not have a comprehensive school improvement planning process will need to put this in place.

Many of the required and recommended elements depend largely on how the district structures the plan and formats the necessary information.

OLA Recommendation #3:

The Legislature should amend Minnesota Statutes 122A.414, subd. 2b, to no longer require the Minnesota Department of Education to review Q Comp applications within 30 days of receipt. Instead, the Legislature should require the department to set deadlines for Q Comp applications at two or three specific times during the year.

MDE Response:

MDE supports this recommendation and believes this would allow MDE staff opportunities to provide more effective technical assistance to applicants as plans are being developed and revised. In addition, MDE will work with the Advisory Committee to determine two or three reasonable deadlines for applications during the year and to communicate these deadlines to all eligible applicants.

OLA Recommendation #4:

The Legislature should amend Minnesota Statutes 122A.414, subd. 2b, to no longer require a peer committee to review Q Comp applications. Instead, the application review and approval decision should rest with the Minnesota Department of Education.

MDE Response:

MDE supports this recommendation and believes it would ensure consistency in the review and approval of Q Comp applications. It has become increasingly more difficult to recruit the assistance of experienced and qualified teachers and administrators working in Q Comp school districts and charter schools due to time and financial constraints.

The ability for MDE to internally review applications in conjunction with Recommendation #3 will allow MDE to apply consistent standards to the application and to correct the issues with the current technical assistance process noted by the evaluators in the report.

OLA Recommendation #5:

If the Legislature decides to retain the use of external application readers, the Minnesota Department of Education should require them to complete application rating sheets prior to each application review session.

MDE Response:

MDE will work to find more efficient ways to ensure the readers are prepared to discuss and review the application. As noted in Recommendation #4, it has become increasingly more difficult to recruit the assistance of experienced and qualified teachers and administrators working in Q Comp school districts and charter schools due to time and financial constraints.

OLA Recommendation #6:

The Minnesota Department of Education should promote the use of regional or cooperative Q Comp programs.

MDE Response:

As stated in this evaluation report, Q Comp is an individually designed program based around the unique needs of teachers and students within each district or charter school. While some parts of components could be shared, much of a plan needs to be aligned to other district plans and goals. Also, the program requires districts to reform their salary schedule. These are unique to each district. However, MDE will support school districts interested in developing a cooperative plan with another school district or several school districts.

MDE understands the challenges facing smaller schools with limited time and resources to develop and implement the Q Comp program. However, there are a number of smaller districts who have successfully implemented a Q Comp program. MDE is currently working with stakeholders in designing technical assistance and outreach to address these unique needs.

OLA Recommendation #7:

The Minnesota Department of Education should conduct periodic program reviews of all Q Comp participants.

MDE Response:

The peer review process has evolved over time since the inception of the program. The continued growth of the Q Comp program along with difficulty in recruiting qualified teachers and administrators has limited our ability to conduct periodic reviews of *all* participants.

MDE, in collaboration with the Q Comp Advisory Committee, designed the current program review process, which has three levels. The program review process is designed to provide districts with feedback to improve the implementation of their individual Q Comp programs. The process is divided into two parts: the document review and the peer review/site visit. In addition, each part is further divided into levels that address the different needs of districts as they implement the program over time. The levels for program review are:

- **Level 1:** Districts who are in their first year of implementation or who have not yet completed a program review. This level provides the most oversight and feedback to the district as many districts encounter the most difficulties within the first year of the program.
- **Level 2:** Districts who are in their second year or greater of implementation and have had at least one program review that has met expectations. Districts at this level are subject to less prescriptive review as they have shown to have their system in place and functioning in the previous year.
- **Level 3:** For districts who are at least in their third year of implementation or greater and who have met expectations in at least two previous program reviews. These districts have the choice in their program review process as they have demonstrated that their program is fully implemented.

MDE agrees there should be periodic reviews of all Q Comp participants and we will strive to develop a means to do this work in an efficient manner. MDE, in consultation with the Q Comp Advisory Committee, will use this recommendation as a baseline to consider modifications to the program review process.

OLA Recommendation #8:

The Minnesota Department of Education should continue to make Q Comp program reviews more consistent.

MDE Response:

MDE agrees with this recommendation. Consistency in all processes related to Q Comp is something MDE continually strives to obtain. This recommendation will be reviewed and addressed through Recommendations #7 and #9.

OLA Recommendation #9:

The Minnesota Department of Education should have a more explicit compliance component in its program review.

MDE Response:

MDE agrees with this recommendation. We also agree that MDE should be more explicit when informing an applicant of not being in compliance.

MDE will work to revise the review process as noted in Recommendation #8 with input from the Q Comp Advisory Committee. These revisions will create opportunities to clearly outline compliance guidelines within the process.

OLA Recommendation #10:

The Minnesota Department of Education should develop and publish criteria for evaluating Q Comp site goals in the same manner it publishes criteria for evaluating Q Comp applications.

MDE Response:

MDE will continue to improve our site goal review process and will work to ensure that the criteria for goals are as transparent as the criteria for the application process. It is MDE's intention to revise this process, share ideas with advisory committee for feedback, and present the fully revised process to districts and charter schools in 2009.

OLA Recommendation #11:

The Minnesota Department of Education should change its current timelines for receiving and accepting site goals.

MDE Response:

MDE agrees with this recommendation and is currently discussing ways to improve the goal review process as well as setting a better date for requesting all updated site goals.

OLA Recommendation #12:

The Minnesota Department of Education should decide how it plans to use the information contained in the annual reports and establish relevant requirements. *See page 71.*

MDE Response:

MDE agrees with this recommendation and is currently reviewing the various updates and requirements to determine the best way to gather information. MDE plans to share the results of those discussions first with Q Comp Advisory Committee and with all school districts and charter schools at an upcoming Q Comp session.

Again, thank you for your time and effort. Please contact Patricia King, Director, Division of School Improvement, at 651-582-8655, if you have any questions or comments.

Sincerely,

A handwritten signature in cursive script that reads "Alice Seagren".

Alice Seagren
Commissioner

Cc: Chas Anderson, Deputy Commissioner
Pat Olson, Assistant Commissioner
Patricia K. King, Director

Attachment: Q Comp Advisory Committee Members

Q Comp Advisory Committee Members

<u>Member Name</u>	<u>Organization/District Represented</u>	<u>Years Served</u>
Pat Altrichter	Brainerd School District	2006 – 2008
Jim Bartholomew	Minnesota Business Partnership	2006 – 2009
Stacy Bender	TRIO Wolf Creek Distance Learning Charter School	2008 – 2009
Jane Berenz	Rosemount-Apple Valley Eagan School District	2006 - 2009
Catherine Bettino	Pine River-Backus School District	2008 – 2009
Dale Beutel	STRIDE Academy	2006 – 2008
Joe Brown	Grand Meadow School District	2006 – 2009
Tim Bunnell	South Washington County School District	2006 – 2009
Janet Carlson	Beacon Academy	2006 – 2009
Scott Croonquist	Association of Metropolitan School Districts	2006 – 2009
Bob DeBoer	New Visions Charter School	2008 – 2009
Ric Dressen	Edina School District	2008 – 2009
Leslie Erickson	MN Education Media Organization	2006 – 2008
William Gibbs	Minneapolis School District	2007 – 2008
Sara Gjerdrum	Education Minnesota	2006 – 2008
Tim Goodwin	ARTech Charter School	2006 – 2008
Jill Godtland	Paideia Academy	2008 – 2009
Dan Hoverman	Mounds View School District	2006 – 2009
Larry Jablinski	Centennial School District	2006 – 2008
Kate Jackson	Education Minnesota	2008 – 2009
Pat Jacobsen	E.C.H.O. Charter School	2008 – 2009
Randy Keillor	St. Francis School District	2006 – 2009
JoAnn Knuth	Minnesota Association of Secondary School Principals	2006 – 2009
David Krenz	LaCrescent-Hokah School District	2006 – 2009
Charlie Kyte	Minnesota Association of School Administrators	2006 – 2009
Linda Madsen	Forest Lake School District	2006 – 2008
Cathy McIntyre	Minnesota School Board Association	2006 – 2009
Mary McKasy	Wayzata School District	2006 – 2008
Erin Metoxen	Minnesota Administrators for Special Education	2008 – 2009
Robert Munsterman	Lac qui Parle Valley School District	2006 – 2008
Shelly Nelson	Wayzata Public School District	2008 – 2009
Kathy Niebuhr	Albert Lea School District	2006 – 2009
Mark Robertson	Fridley School District	2006 – 2009
Dallas Rudd	Emily Charter School	2006 – 2008
Dr. Tim Sheldon	CAREI	2006 – 2008
Linda Silver	Minneapolis School District	2007 – 2009
Ron Spies	Forest Lake School District	2006 – 2009
Jacque Stein	MN Administrators for Special Education	2006 – 2008
P. Fred Storti	MN Associations of Elementary School Principals	2006 – 2009
Linda Trevorrow	Minneapolis School District	2006 – 2007
Simon Tyler	ARTech Charter School	2008 – 2009
Sam Walseth	Minnesota Rural Education Association	2006 – 2009
Laurie Wig	Brainerd School District	2008 – 2009
Leslie Yoder	Minnesota Educational Media Organization	2008 – 2009

Recent Program Evaluations

Forthcoming Evaluations

MINNCOR Industries, February 2009
Overnight of Workers' Compensation, February 2009
MnSCU Occupational Programs, February 2009
Biofuel Policies and Programs, February 2009

Agriculture

"Green Acres" and Agricultural Land Preservation Programs, February 2008
Pesticide Regulation, March 2006

Criminal Justice

Substance Abuse Treatment, February 2006
Community Supervision of Sex Offenders, January 2005
CriMNet, March 2004
Chronic Offenders, February 2001
District Courts, January 2001

Education, K-12, and Preschool

Q Comp: Quality Compensation for Teachers, February 2009
Charter Schools, June 2008
School District Student Transportation, January 2008
School District Integration Revenue, November 2005
No Child Left Behind, February/March 2004
Charter School Financial Accountability, June 2003
Teacher Recruitment and Retention: Summary of Major Studies, March 2002
Early Childhood Education Programs, January 2001

Education, Postsecondary

Compensation at the University of Minnesota, February 2004
Higher Education Tuition Reciprocity, September 2003

Environment and Natural Resources

Watershed Management, January 2007
State-Funded Trails for Motorized Recreation, January 2003
Water Quality: Permitting and Compliance Monitoring, January 2002
Minnesota Pollution Control Agency Funding, January 2002
Recycling and Waste Reduction, January 2002

Financial Institutions, Insurance, and Regulated Industries

Liquor Regulation, March 2006
Energy Conservation Improvement Program, January 2005
Directory of Regulated Occupations in Minnesota, February 1999
Occupational Regulation, February 1999

Government Operations

County Veterans Service Offices, January 2008
Pensions for Volunteer Firefighters, January 2007

Government Operations (continued)

Postemployment Benefits for Public Employees, January 2007
State Grants to Nonprofit Organizations, January 2007
Tax Compliance, March 2006
Professional/Technical Contracting, January 2003
State Employee Health Insurance, February 2002
State Archaeologist, April 2001

Health

Financial Management of Health Care Programs, February 2008
Nursing Home Inspections, February 2005
Minnesota Care, January 2003
Insurance for Behavioral Health Care, February 2001

Human Services

Personal Care Assistance, January 2009
Human Services Administration, January 2007
Public Health Care Eligibility Determination for Noncitizens, April 2006
Substance Abuse Treatment, February 2006
Child Support Enforcement, February 2006
Child Care Reimbursement Rates, January 2005
Medicaid Home and Community-Based Waiver Services for Persons with Mental Retardation or Related Conditions, February 2004
Controlling Improper Payments in the Medicaid Assistance Program, August 2003
Economic Status of Welfare Recipients, January 2002

Housing and Local Government

Preserving Housing: A Best Practices Review, April 2003
Managing Local Government Computer Systems: A Best Practices Review, April 2002
Local E-Government: A Best Practices Review, April 2002
Affordable Housing, January 2001

Jobs, Training, and Labor

JOBZ Program, February 2008
Misclassification of Employees as Independent Contractors, November 2007
Prevailing Wages, January 2007
Workforce Development Services, February 2005
Financing Unemployment Insurance, January 2002

Miscellaneous

Economic Impact of Immigrants, May 2006
Gambling Regulation and Oversight, January 2005
Minnesota State Lottery, February 2004

Transportation

State Highways and Bridges, February 2008
Metropolitan Airports Commission, January 2003
Transit Services, February 1998

Evaluation reports can be obtained free of charge from the Legislative Auditor's Office, Program Evaluation Division, Room 140 Centennial Building, 658 Cedar Street, Saint Paul, Minnesota 55155, 651-296-4708. Full text versions of recent reports are also available at the OLA web site: <http://www.auditor.leg.state.mn.us>