The Implications in Regulatory Compliance Measurement When Moving from Nominal to Ordinal Scaling

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The purpose of this paper is to provide an alternate paradigm for regulatory compliance measurement in moving from a nominal to an ordinal scale measurement strategy. Regulatory compliance measurement is dominated by a nominal scale measurement system in which rules are either in compliance or out of compliance. There are no gradients for measurement within the present licensing measurement paradigm. It is very absolute. Either a rule is in full compliance to the letter of the law or the essence of the regulation or it is not. An alternate paradigm borrowing from accreditation and other program quality systems is to establish an ordinal scale measurement system which takes various gradients of compliance into account. With this alternate paradigm, it offers an opportunity to begin to introduce a quality element into the measurement schema. It also allows to take into consideration both risk and prevalence data which are important in rank ordering specific rules.

So how would this look from a licensing decision making vantage point. Presently, in licensing measurement, licensing decisions are made at the rule level in which each rule is either in or out of compliance in the prevailing paradigm. Licensing summaries with corrective actions are generated from the regulatory compliance review. It is a nominal measurement system being based upon Yes/No responses. The alternate measurement paradigm I am suggesting in this paper is one that is more ordinal in nature where we expand the Yes/No response to include gradients of the particular rule. In the next paragraph, I provide an example of a rule that could be measured in moving from a nominal to ordinal scale measurement schema.

Rather than only measuring a rule in an all or none fashion, this alternate paradigm provides a more relative mode of measurement at an ordinal level. For example, with a professional development or training rule in a particular state which requires, let's say, 6 hours of training for each staff person. Rather than having this only be 6 hours in compliance and anything less than this is out of compliance, let's have this rule be on a relative gradient in which any amount of hours above the 6 hours falls into a program quality level and anything less than the 6 hours falls out of compliance but at a more severe level depending on how far below the 6 hours and how many staff do not meet the requirement (prevalence). Also throw in a specific weight which adds in a risk factor and we have a paradigm that is more relative rather than absolute in nature.

From a math modeling perspective, the 1 or 0 format for a Yes or No response becomes -2, -1, 0, +1, +2 format. This is more similar to what is used in accreditation systems where 0 equals Compliance and -1 and -2 equals various levels of Non-Compliance in terms of severity and/or prevalence. The +1 and +2 levels equal value added to the Compliance level by introducing a Quality Indicator. This new formatting builds upon the compliance vs non-compliance dichotomy (C/NC) but now adds a quality indicator (QI) element. By adding this quality element, we may be able to eliminate or at least lessen the non-linear relationship between regulatory compliance with rules and program quality scores as measured by the

Environmental Rating Scales (ERS) and CLASS which is the essence of the Theory of Regulatory Compliance (TRC). It could potentially make this a more linear relationship by not having the data as skewed as it has been in the past.

By employing this alternate paradigm, it is a first demonstration of the use of the Key Indicator Methodology in both licensing and quality domains. The Key Indicator Methodology has been utilized a great deal in licensing but in few instances in the program quality domain. For example, over the past five years, I have worked with approximately 10 states in designing Licensing Key Indicators but only one state with Quality Key Indicators from their QRIS – Quality Rating and Improvement System. This new paradigm would combine the use in both.   It also takes advantage of the full ECPQI2M – Early Childhood Program Quality Improvement and Indicator Model by blending regulatory compliance with program quality standards.

A major implication in moving from a nominal to an ordinal regulatory compliance measurement system is that it presents the possibility of combining licensing and quality rating and improvement systems into one system via the Key Indicator Methodology. By having licensing indicators and now quality indicators that could be both measured by licensing inspectors, there would be no need to have two separate systems but rather one that applies to everyone and becomes mandated rather than voluntary.   It could help to balance both effectiveness and efficiency by only including those standards and rules that statistically predict regulatory compliance and quality and balancing risk assessment by adding high risk rules.

I will continue to develop this scale measurement paradigm shift in future papers but wanted to get this idea out to the regulatory administration field for consideration and debate. This will be a very controversial proposal since state regulatory agencies have spent a great deal of resources on developing free standing QRIS which build upon licensing systems. This alternate paradigm builds off my Theory of Regulatory Compliance's key element of relative vs absolute measurement and linear vs non-linear relationships. Look for additional information about this on my website RIKI Institute Blog - https://rikinstitute.com/blog/.

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