

Regulatory Compliance Law of Diminishing Returns

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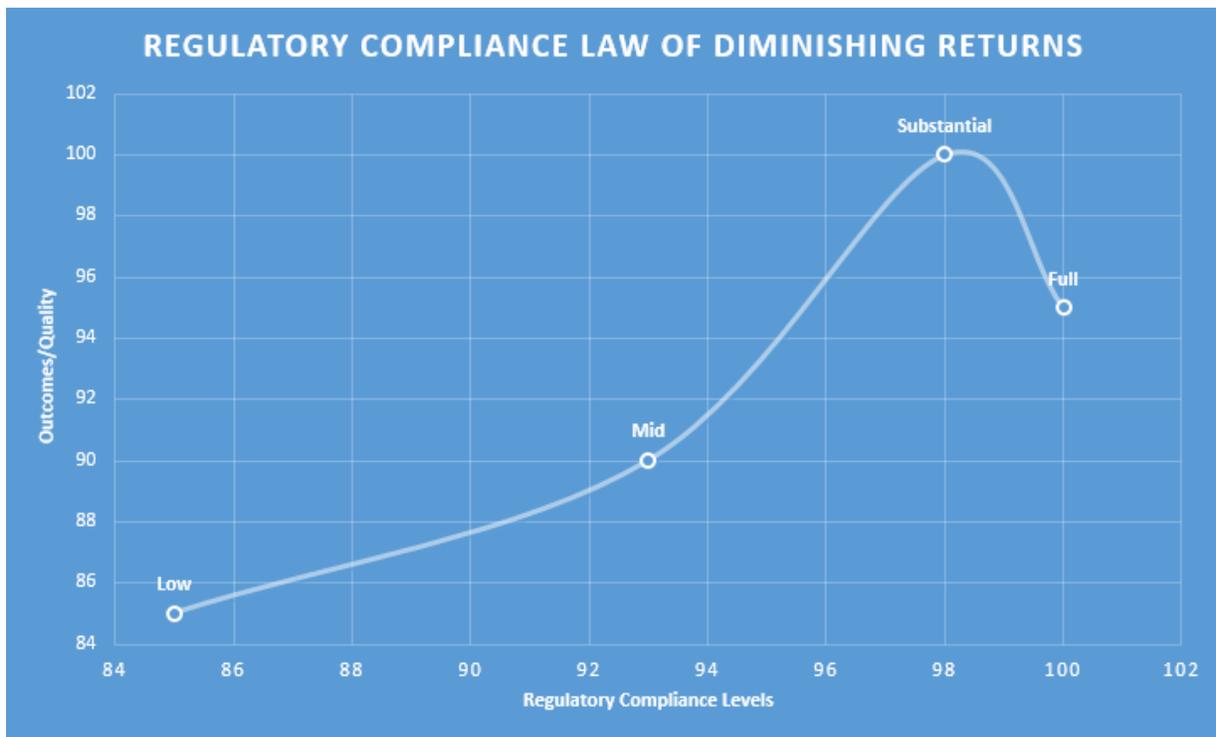
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This brief technical research note will provide an update regarding the relationship between regulatory compliance and program quality/outcomes. Based upon the most recent research from studies with the national Head Start program, early care and education programs in Georgia and Washington, it is possible now to begin to address the limitations of full regulatory compliance and its lack of support for program quality/outcomes. The following figure (Figure 1) provides a graphic display of the relationship between these variables from the above-mentioned studies.

For sake of presentation, the data have been smooth-out so that it presents a clearer picture of the relationship. The important aspect of this relationship is not moving from low compliance to mid and substantial compliance. The relationship holds up as it should in demonstrating a consistent linear distribution. The most important aspect is in moving from substantial to full regulatory compliance in which the linear relationship breaks down and there is at least a plateau effect and in many cases a statistically significant drop off in quality outcomes (see Chart 1).

Figure 1: Relationship Between Regulatory Compliance and Program Quality/Outcomes



Based upon the empirical evidence from the above-mentioned studies (see Chart 1), it provides support in demonstrating the need to re-think how we approach regulatory compliance. It would appear to be more cost effective and efficient to determine which rules/regulations have the greatest impact on quality outcomes rather than looking at all rules/regulations as being equal in importance. So does regulatory compliance follow the economic rules of the law of diminishing returns in providing a healthy and safe setting for our clients. And do these findings in human services generalize to other services in the private economic sectors?

The following chart (Chart 1) provides data distributions from states and a national organization showing the relationship between specific program quality tools (ERS and CLASS) and regulatory compliance (RC) data. The last row gives the result as either the data dropping off or plateauing.

Chart 1: Data Distributions for ERS and CLASS from Selected States

RC	ERS1	ERS2	CLASS1	CLASS2	CLASS3	CLASS4	CLASS5
Full	3.84	3.40	5.91	2.55	3.03	5.99	5.59
Subst	4.26	3.77	6.22	2.77	3.15	5.93	5.50
Medium	4.18	3.26	-----	-----	2.87	5.85	5.37
Low1	3.92	2.51	6.14	2.55	2.65	5.71	5.32
Low2	-----	-----	-----	-----	2.56	5.52	4.93
Result	Drop Off	Plateau	Plateau				
P values	.03	.001	n.s.	n.s.	.001	.001	.003

It is evident from the above data displays in Chart 1 that there is a plateau effect (n = 2) or in 5 cases the average quality scores showed a statistically significant decrease.