

The Public Policy Implications of the Regulatory Compliance Theory of Diminishing Returns, Regulatory Compliance Scaling, and the Program Quality Scoring Matrix along with Integrative Monitoring

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This technical research note/abstract provides a data matrix (below table) depicting the relationship between regulatory compliance and program quality. The data clearly demonstrate the regulatory compliance theory of diminishing returns which depicts the ceiling or plateau effect in this relationship between regulatory compliance data and program quality data. It also shows the difficulty one will have in distinguishing program quality differences at the full and high regulatory compliance levels but the ease in distinguishing program quality between low regulatory compliance and high regulatory compliance levels.

This abstract unifies several separately developed regulatory compliance metrics and concepts by combining them into a single technical research note. The Regulatory Compliance Theory of Diminishing Returns (2019), The Regulatory Compliance Scale (2022), Integrative Monitoring (2023), and the Ten Principles of Regulatory Compliance Measurement (2023) have all been presented separately (all these papers are available for the interested reader on [SSRN \(https://www.ssrn.com/index.cfm/en/\)](https://www.ssrn.com/index.cfm/en/) or the [Journal of Regulatory Science \(https://regsci-ojs-tamu.tdl.org/regsci/\)](https://regsci-ojs-tamu.tdl.org/regsci/)). This abstract shows how they are all related and their importance in moving forward with regulatory compliance measurement in the future. The four jurisdiction's (US National, Southern State, Western State, Canada) final reports are available at <https://www.naralicensing.org/key-indicators> for the interested reader.

Relationship of Regulatory Compliance Scale and Program Quality in Four Jurisdictions Matrix

Reg Comp Scale	US National	Southern State	Western State	Canada
Full	3.03 (75)	3.40 (15)	4.07 (82)	37.4 (44)
High	3.13 (135)	4.00 (20)	4.28 (69)	38.5 (33)
Mid	2.87 (143)	3.16 (32)	4.17 (163)	29.1 (36)
Low	2.65 (28)	2.38 (2)	3.93 (71)	-----
Significance	<i>p</i> < .001	<i>p</i> < .05	<i>p</i> < .001	<i>p</i> < .01

Legend:

US National = CLASS-IS scores

Southern State and Western State = ECERS-R scores

Canada = Canadian Program Quality Tool scores

One-way ANOVA was performed on the data in each jurisdiction.

Regulatory Compliance Scale (Reg Comp Scale (RCS)):

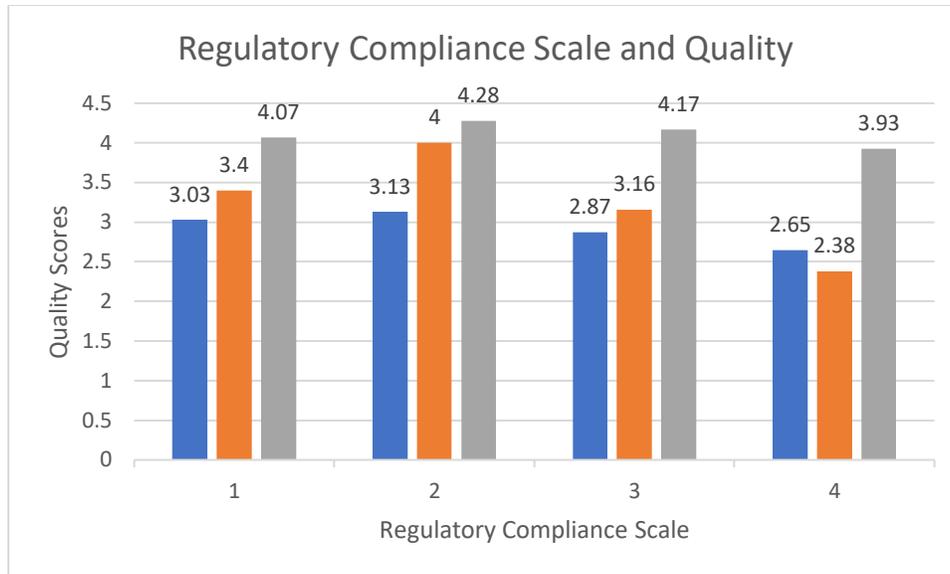
Full = 0 violations (100% regulatory compliance with all rules/regulations)

High = 1-2 violations

Mid = 3-9 violations

Low = 10+ violations

The number in parentheses is the number of programs assessed in each jurisdiction.



Legend:

1 = Full; 2 = High; 3 = Mid; 4 = Low.

Blue = US National; Orange = Southern State; Gray = Western State. Canada was left off because of different scaling.

The above data matrix display is important for the early care and education (ECE) field because it demonstrates the relationship between licensing via regulatory compliance data measurement and program quality scores via CLASS, ERS, and the Canadian Quality Tool. The CLASS and ERS are well grounded ECE program quality tools while the Canadian Quality Tool is a new addition to the field.

The data displayed show that a ceiling or plateau effect (quality scores did not change significantly as was generally the case with lower levels of regulatory compliance) occurred in all four jurisdictions when the regulatory compliance levels or the absence of rule/regulatory violations were compared to program quality scores as one moves from high regulatory compliance to full regulatory compliance (0 violations or 100% regulatory compliance with all rules). From a public policy point of view, it would lead us to believe that licensing is not the best avenue to program quality and that another intervention, such as Quality Rating and Improvement Systems (QRIS), would be necessary to enhance quality programming. What regulatory compliance and licensing does do is prevent harm and keep children in healthy and safe environments (please go to <https://rikinstitute.com> for examples to support this claim). So, from a public policy point of view, licensing is accomplishing its goals. But don't expect licensing to address quality programming. For that to occur, either we need to continue our present system of licensing and Quality Initiatives, such as QRIS, as an add on; or infuse quality into the rules and regulations which has been suggested via a new form program monitoring called: integrative monitoring.

There are some other takeaways from the above data matrix that are significant contributions to the regulatory compliance measurement research literature, such as, how skewed the data are. Focus more on the number of programs rather than their quality scores for each of the Regulatory Compliance Scale levels. You will notice that most programs in each of the jurisdictions are either in full or high regulatory compliance and that there are few programs at the low end of the regulatory compliance scale. There is an unusually very high percentage of programs at full compliance. This also contributes to a lack of

variance in the upper end of the regulatory compliance scale which can be problematic as indicated in the previous paragraph in distinguishing between the quality levels of programs.

The importance of these four studies and the summary matrix above is to provide a context in how licensing and regulatory compliance data should be used in making public policy decisions, for example: is it more effective and efficient to require high or substantial regulatory compliance than full regulatory compliance with all rules and regulations to be granted a full license to operate? It appears prudent to continue with the US emphasis on QRIS as an add on quality initiative, especially in states where rules/regulations are at a minimal level. In Canada their emphasis has been more in line with an integrative monitoring approach in which quality elements are built in or infused within the rules and regulations themselves. This approach appears to work in a similar fashion and is an effective public policy initiative. Either approach appears to be an effective modality to increasing program quality; but are both equally efficient.

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