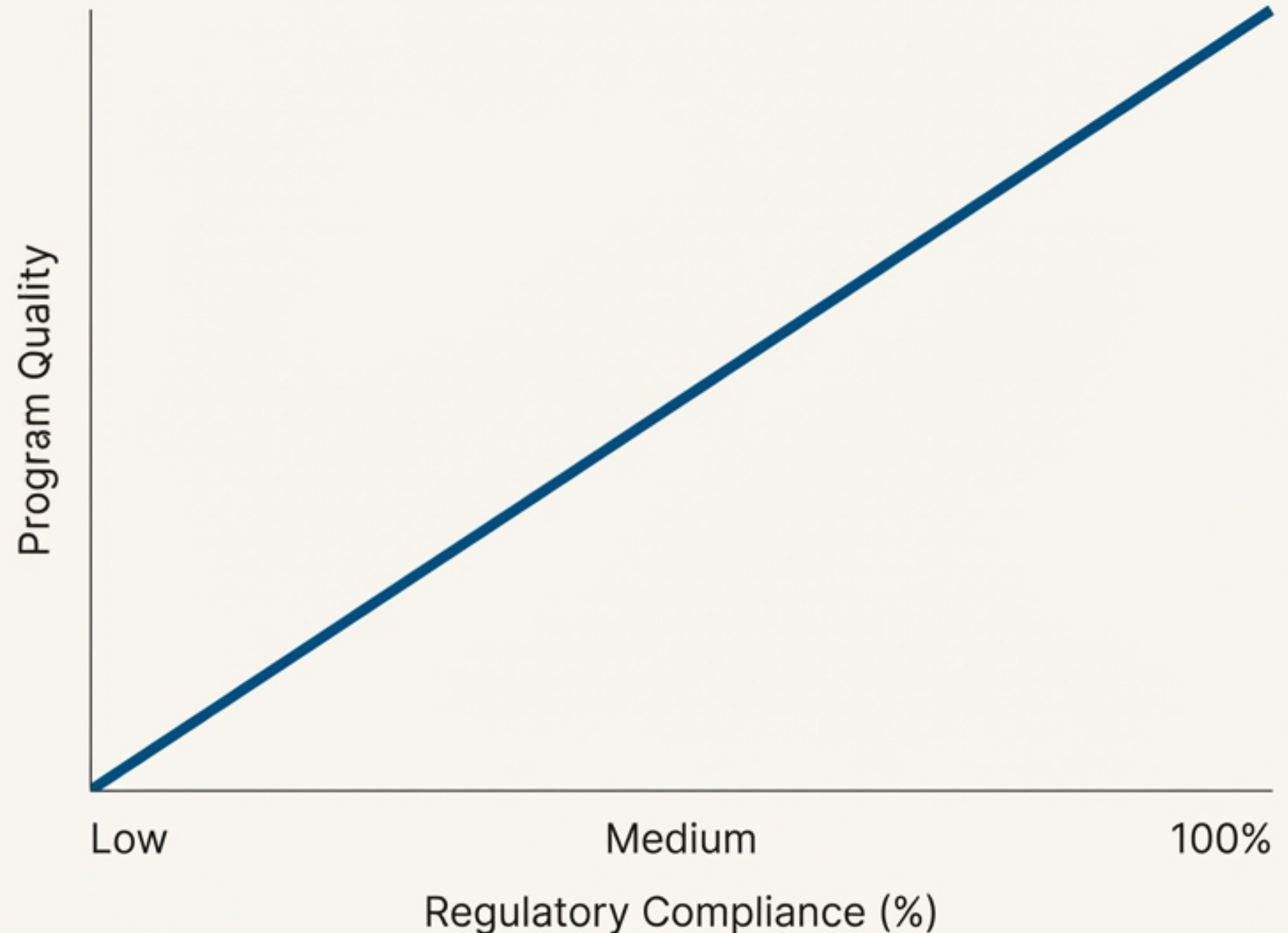


# The Prevailing Assumption: A Straight Line to Quality

For decades, regulatory policy has been built on a simple, intuitive belief:

As a childcare program's compliance with regulations increases, the quality of that program increases in direct, linear fashion.

The logical conclusion? State agencies must demand 100% compliance with all rules to achieve the highest possible quality.

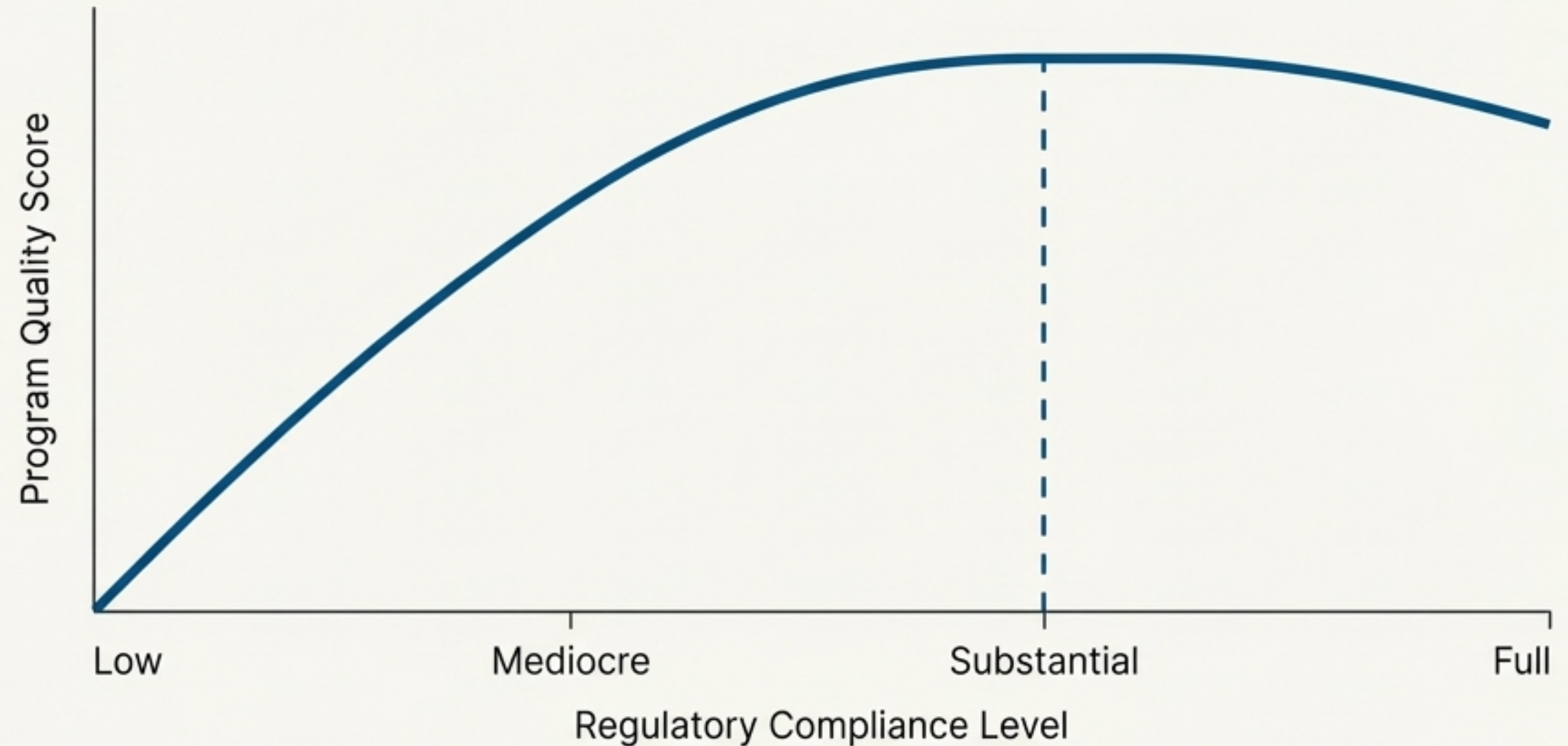




# Decades of Data Reveal a Different Story

Empirical studies comparing licensing violations to program quality reveal a crucial insight: the relationship is not linear.

Quality improves with compliance, but only up to a point. After reaching “substantial compliance,” quality plateaus and can even show diminishing returns.



“Staff at perfectly compliant programs spend so much time dotting i’s and crossing t’s that they have little left over for working with classrooms or teachers.” — Dr. Richard Fiene, *American Scientist*



# This Finding Demands a New Paradigm: The Theory of Regulatory Compliance

Instead of a “one-size-fits-all” approach that treats all rules equally, this theory provides a data-driven framework for modernizing regulation. It shifts the fundamental question we ask.

**“It is never about more or fewer rules;  
it is about which rules are really  
productive and which are not.”**

The goal is to move beyond the false choice of “full regulation” vs. “deregulation” and toward *smarter* regulation that maximizes quality and safety efficiently.



# The Engine of Smarter Regulation: Differential Monitoring

Differential monitoring is a targeted approach that focuses resources where they matter most. It is built on two pillars:



## Prediction

### Key Indicators

A small subset of rules that are statistically proven to predict a program's overall compliance. If a facility follows these, they strongly suggest it follows other rules as well. They are the "canary in the coal mine."



## Protection

### Risk Assessment

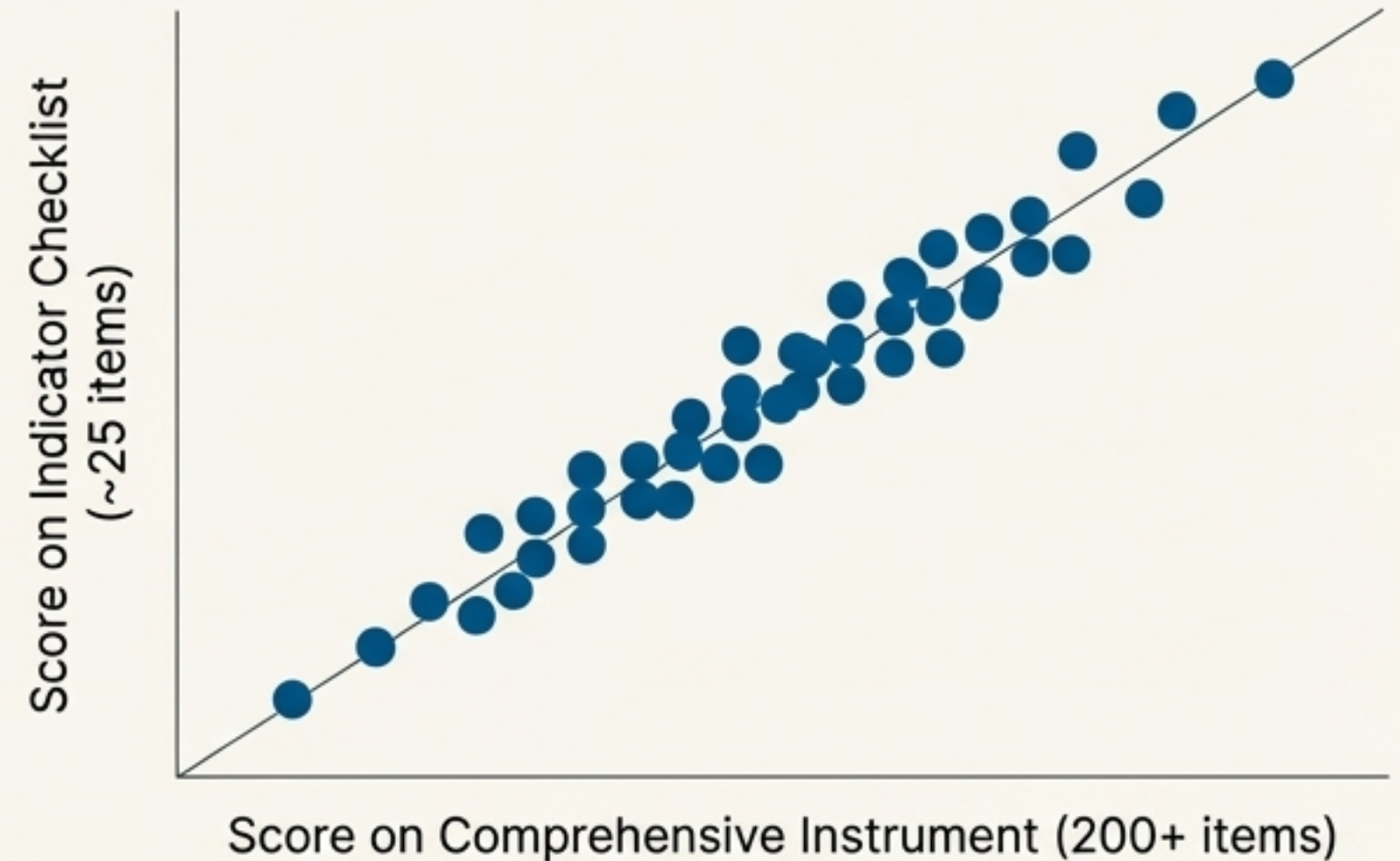
Rules are weighted based on the risk of harm to children if breached. This focuses intense scrutiny on rules related to supervision, hazardous materials, and other factors directly linked to morbidity or mortality.



# A Foundation Built on Decades of Statistical Proof

The concept of predictive indicators dates back to the 1980s with the development of the “Indicator Checklist,” an instrument-based approach to replace time-consuming narrative reports.

Studies in multiple states found that a **short checklist of ~25 “predictor” items could effectively forecast a program’s total score on a comprehensive 200-item instrument.**



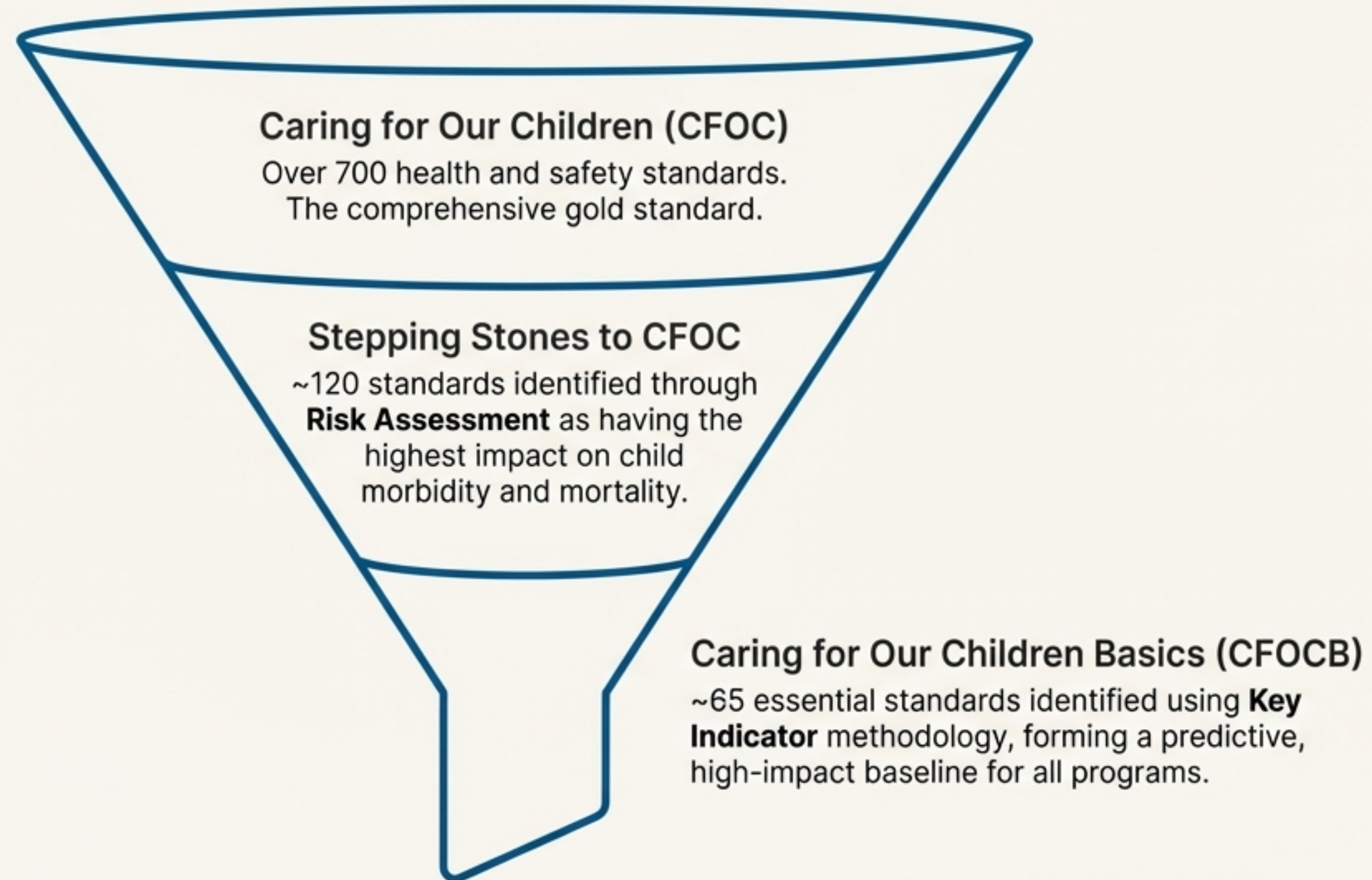
**$r = +.80$  or higher**

(Pearson's Product Correlation Coefficient between the short checklist and the full instrument)



# From 700+ Standards to an Essential Core

The principles of risk assessment and key indicators were used to analyze *Caring for Our Children* (CFOC), the national compendium of health and safety standards, to find the “rules that work.”





# Proof Point #1: Targeted Mentoring Drives Specific Quality Gains

**Study Snapshot:** A 2002 randomized trial evaluated a 4-month mentoring program for infant caregivers.  
**The Nuanced Result:** While **overall quality scores** showed positive but not statistically significant changes, the intervention created powerful, significant improvements in the most crucial areas of care.

## The Mentoring Group (Intervention)

Key Improvements (p-value)

- ITERS - Routines (greeting, meals, diapering): **.005**
- ITERS - Learning Activities (play, blocks): **.05**
- Arnett - Caregiver Sensitivity: **.001**
- Arnett - Appropriate Discipline: **.05**

## The Comparison Group (No Intervention)

- Overall quality score on ITERS *decreased* from 137 to 132.
- Caregiver interactions showed a statistically significant *decline* ( $p=.02$ ).

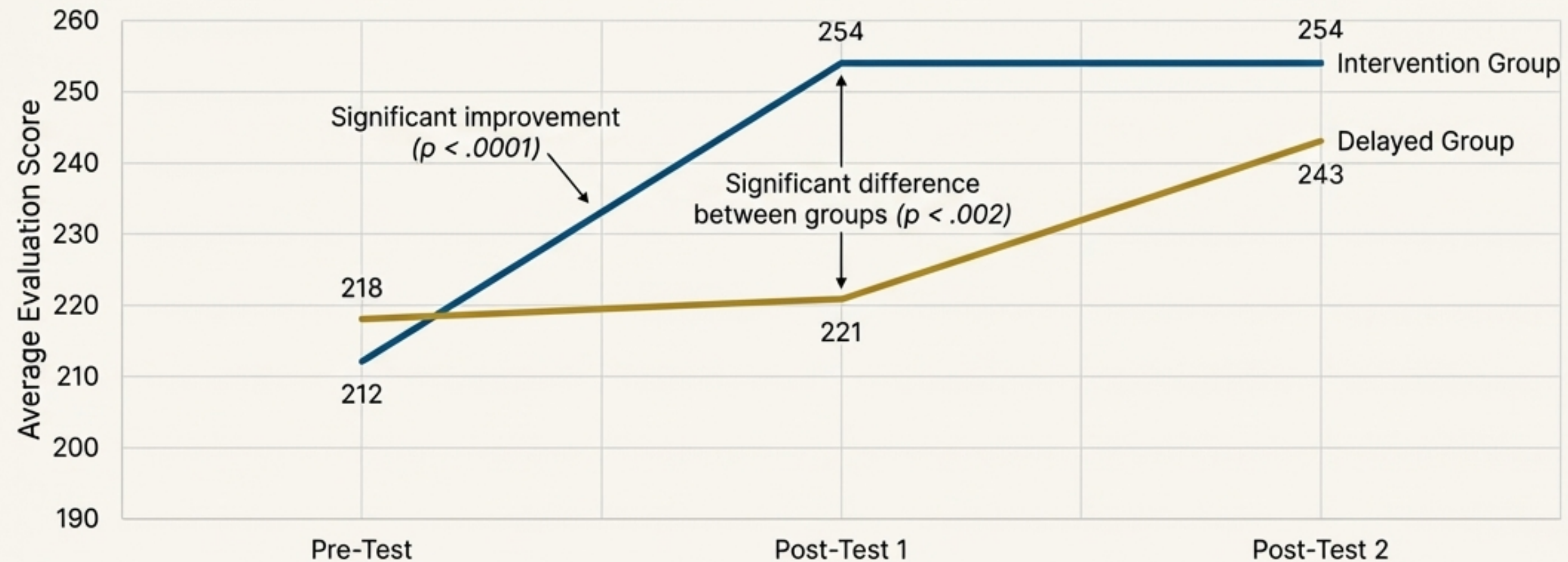
**Conclusion:** Targeted, intensive support works, while standard approaches can lead to stagnation or even decline.



# Proof Point #2: Health Consultation Creates Lasting Improvement

**\*\*Study Snapshot\*\***: A randomized crossover trial linked 32 infant/toddler centers with a Child Care Health Consultant (CCHC).

## The CCHC Intervention Crossover Effect



**\*\*Takeaway\*\***: The CCHC intervention caused a significant and sustained increase in compliance with key health and safety standards.



# Building a More Efficient and Effective System

Differential Monitoring allows agencies to move from a rigid, “one-size-fits-all” inspection schedule to a responsive system that focuses time and resources where they are needed most.



**Benefit Statement:** This approach saves an estimated 50% of staff time on reviews for high-performing programs, freeing monitors to act as consultants and coaches for those who need it most.



# To Improve the System, We Must First Improve the Measurement.

## The Problem with Current Data:

Traditional licensing data is **nominal and binary** (compliant/non-compliant). This creates highly skewed data sets and increases the risk of “false negatives”—saying a program complies when it dangerously does not.

## The Solution: A More Nuanced Scale:

Shifting to an **ordinal scale**—like those used in quality measurement—allows for a more accurate and useful assessment of program performance.

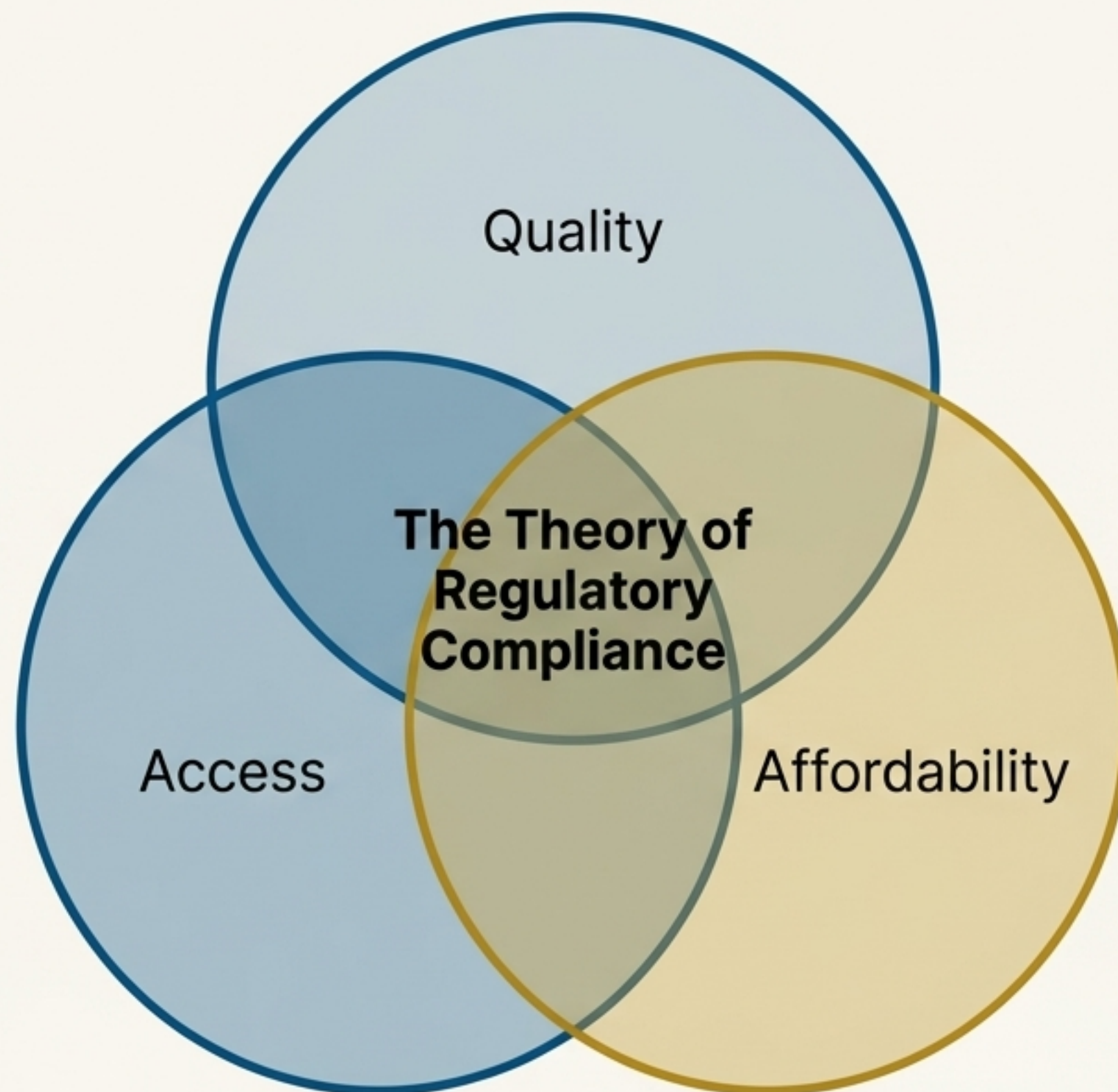
Old Approach (Nominal)	Proposed Approach (Ordinal Scale)
• Compliant	<b>7</b> - Exceeding Full Compliance
• Non-compliant	<b>6</b> - Full Compliance
	<b>5</b> - Substantial Compliance
	<b>4</b> - Mediocre Compliance
	<b>(1-3)</b> - Low / Out of Compliance



# A Data-Driven Solution to the Child Care Trilemma

The current debate often presents a false choice between quality, access, and affordability. Arbitrary

deregulation is proposed to increase access, often at the expense of quality and safety.



**A Third Way:** The Theory of Regulatory Compliance offers a path forward that supports all three pillars:

- **Quality:** By focusing on the rules empirically linked to positive outcomes, we ensure high standards are maintained and improved.
- **Affordability & Access:** By making monitoring more efficient and reducing the burden of complying with non-productive rules, we lower operational costs for providers without sacrificing safety.



# The Foundation for Progress: Adopt the Rules that Work.

The path to a modern, efficient, and effective regulatory system begins with a solid, evidence-based foundation. Instead of engaging in politically expedient deregulation, states should align their standards with the most predictive and protective rules identified by decades of research.

**The Recommendation:** Adopt the 65 standards in *Caring for Our Children Basics* as the mandatory floor for all state licensing systems.

These standards represent the scientifically-derived “right rules”—the holy grail of early care and education that protects children, predicts overall compliance, and produces positive outcomes. They are the starting point for building a system that truly works.