

Press Contacts:

ASQ:

Chris Lochemes
800-248-1946

**University of Michigan
Business School:**

Bernie De Groat
734-936-1015

HOLD FOR RELEASE UNTIL DECEMBER16

**AMERICAN CUSTOMER SATISFACTION INDEX: SATISFACTION WITH
GOVERNMENT DROPS SLIGHTLY**

MILWAUKEE, December 16, 2002---Although Americans are slightly less satisfied with the federal government compared with a year ago, customer satisfaction with federal services still ranks closely behind that of private industry, according to the American Customer Satisfaction Index (ACSI) released today.

The ACSI score for government agencies, including those that are regulatory and those that administer benefits, fell to 70.2 in 2002 from a record-high 71.3 last year. Overall, the customer satisfaction score for the aggregate ACSI (which includes the public and private sectors) increased from 72 to 73.1 during the same time.

In its annual report on how satisfied Americans are with the services of the federal government, the ACSI shows that large declines in satisfaction with Medicare and parts of the Internal Revenue Service account for most of the drop in the overall government score.

The satisfaction score for the Centers for Medicare and Medicaid Services among ACSI scores for the IRS among its corporate users are down 9 percent to a score of 60 (among small businesses) and nearly 6 percent to a score of 52 (among large and mid-size businesses, for which the IRS measured a broader segment of customers this year).

While corporate users may be less satisfied with IRS services, satisfaction with IRS electronic filing of individual tax returns continues to be remarkably high, the ACSI reports. The satisfaction score for individual electronic filers is 78, compared with a mark of 53 for individual paper tax filers.

“Tax filers view electronic filing as simple and efficient,” said Claes Fornell, professor of business and director of the University of Michigan Business School’s National Quality Research Center, which compiles and analyzes the ACSI data. “While the score for all individual tax filers is substantially lower at 62, it still represents a 22 percent improvement since 1999.

- more -

“No organization, whether private or public, has shown a similar improvement in such a short period of time. However, user satisfaction with a tax collection agency is a double-edged sword. Although a passive agency will not be in the collective interest, it might well make for more satisfied tax filers on an individual basis. Yet, there is no evidence that the cutback in IRS audits is the reason for rising scores.”

In addition to the IRS and Medicare, the U.S. Mint, which sells numismatic and commemorative coins, also saw its ACSI score drop. Despite a decrease of more than 4 percent in its satisfaction score, however, the Mint still registered the highest score of all agencies included in this year’s ACSI. Its mark of 84 was just above the Social Security Administration’s 83 for retirement benefits recipients and the Veterans Health Administration’s 81 for inpatients at VA medical centers.

The most improved government agency in terms of customer satisfaction in the last year is the Federal Aviation Administration, whose score rose nearly 9 percent from 59 to 64.

“While the airline industry is under significant security and financial strain, the FAA has managed to provide better service to commercial pilots,” said Jack West, past president of the American Society for Quality, a partner in producing the ACSI. “The FAA’s effort in clarifying policy standards and regulations is the primary reason for the improvement in pilot satisfaction.”

For the first time, the ACSI also includes scores for several government Web sites, whose average score (74) is higher than the overall ACSI score for private industry (73.1) or government (70.2).

Among the Web sites, the Office on Women’s Health ranked highest with a score of 80, followed by the Department of State’s careers Web site (76) and NASA’s education Web site (74).

“The high ACSI scores reinforce the notion that the Web is a great medium for the government to communicate with the public,” said Larry Freed, CEO and president of ForeSee Results, which measures Web customers’ satisfaction and forecasts customer behavior. “The Web is a medium for government that reduces costs to communicate, provides information in a consistent and high-quality manner, and offers the public a way to access government information and services anytime, anywhere.”

Fornell says that the government’s offering of various service-oriented public Web sites underscores its efforts to improve the timeliness of the delivery of its services, and, ultimately, raise the level of customer satisfaction.

“Overall, government workers continue to receive high marks on courtesy and professionalism, but less so on timeliness of delivery of services,” Fornell says. “In order to allocate resources efficiently with the objective of improving citizen satisfaction with government services, a focus on timeliness would have the greatest effect.”

ACSI, page 3/7

The ACSI is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year.

Each December, the ACSI issues a report on satisfaction of recipients of services from the federal government. Agency participation is voluntary. This year, 39 different customer groups served by 24 agencies were measured.

The index is produced by a partnership of the U-M Business School, American Society for Quality and CFI Group, and is supported in part by ForeSee Results, e-commerce sponsor, and Market Strategies Inc., a major corporate contributor. The Federal Consulting Group, a franchise within the U.S. Department of the Treasury, is the executive agent for the ACSI and the federal government.

Agency scores and other information about the ACSI can be found on the Web at www.theasci.org and at www.customerservice.gov.

ACSI Scores for Federal Government 2002

ID	AGENCY/DEPARTMENT	CUSTOMER SEGMENT	2002
	Federal Government (Aggregated)		70.2
	Benefits Recipients		
SSA	Social Security Administration	Retirement benefits recipients	83
VHA	Veterans Health Administration, VA	Inpatients at VA medical centers	81
VBA	Veterans Benefits Administration, VA	Compensation and Pension beneficiaries	80
VHA	Veterans Health Administration, VA	Outpatients at VA clinics	79
OPM	Office of Personnel Management	Federal retirees and annuitants	78
CMS	Centers for Medicare & Medicaid Services, HHS	Medicare recipients	76
RRB	U.S. Railroad Retirement Board	Unemployment/Sickness benefits recipients	75
	Information Providers/Technical Assistance		
GSA	General Services Administration	Users of the Federal Consumer Information Center, Pueblo, Colorado	80
HRSA	Health Resources & Services Administration, HHS	Users querying information from the HIPDB	76
PBGC	Pension Benefit Guarantee Corporation	Pension plan participants	74
BOC	Bureau of the Census, Commerce	Data distributors in state and local agencies	73
ATF	Bureau of Alcohol, Tobacco, and Firearms, Treasury	Participants in the Youth Crime Gun Interdiction Initiative (YCGII)	70
PBGC	Pension Benefit Guarantee Corporation	Pension practitioners	69
HRSA	Health Resources & Services Administration, HHS	Users reporting information to the HIPDB	68
	Manufacturing – Currency		
BEP	Bureau of Engraving and Printing, Treasury	Users of paper money	80
	Specialty Retail – Collectibles		
Mint	U.S. Mint, Treasury	Buyers of numismatic and commemorative coins	84
	Applicants/Claimants		
VBA	Veterans Benefits Administration, VA	Benefits claimants	58
DOL	Division of Longshore & Harbor Workers' Compensation, Labor	Work-related injury claimants	57

Recreational Land Users			
USACE	Army Corps of Engineers, Defense	Recreational visitors	73
Grants/Financial Services			
AFFS	Air Force Financial Services, Defense	Users of Air Force financial services	71
Ex-Im	Export-Import Bank	Commercial banks and exporters	70
HRSA	Health Resources & Services Administration, HHS	MCHB Title V Block Grant recipients	68
HRSA	Health Resources & Services Administration, HHS	MCHB Discretionary Grant recipients	67
IRS			
IRS	Internal Revenue Service, Treasury	All individual tax filers	62
		Individual electronic tax filers	78
		Individual paper tax filers	53
IRS	Internal Revenue Service, Treasury	Small Business Corporate tax filers	60
IRS	Internal Revenue Service, Treasury	Tax Exempt Organizations	60
IRS	Internal Revenue Service, Treasury	Large & Midsize Business Corporate tax filers	52
IRS	Internal Revenue Service, Treasury	Employee Plans	48
Regulatory			
FDA	Food & Drug Administration, HHS	Principal grocery shoppers and food preparers	67
FAA	Federal Aviation Administration, Transportation	Commercial pilots	64

ACSI, page 6/7

	Websites		
OWH	Office on Women's Health, HHS	National Women's Health Information Center website users	80
DOS	Department of State	DOS careers website users	76
NASA	National Aeronautics & Space Administration	NASA Education website users (NASA Education Program and NASA Spacelink)	74
DOS	Department of State	Department of State main website users	73
DOS	Department of State	International Information Programs website users	72
GSA	General Services Administration	First Gov website users	72
OPHS	Office of Public Health and Science, HHS	Office of Disease Prevention & Health Promotion website users	72
PBGC	Pension Benefit Guaranty Corporation	Pension Benefit Guaranty Corporation website users	69

ACSI, page 7/7

ACSI Federal Government Score with Historical Scores of Agencies Measured 1999 2002			1999	2000	2001	2002	Percent change from 2001
	Federal Government (Aggregated)		68.6	68.6	71.3*	70.2	-1.5%
	Benefits Recipients						
SSA	Social Security Administration	Retirement benefits recipients	82	84	82	83	1.0%
VHA	Veterans Health Administration, VA	Inpatients at VA medical centers	NM	NM	82	81	-1.2%
VHA	Veterans Health Administration, VA	Outpatients at VA clinics	79	78	79	79	0.0%
OPM	Office of Personnel Management	Federal retirees and annuitants	75	73	78	78	0.0%
CMS	Centers for Medicare & Medicaid Services, HHS	Medicare recipients	71	74	79	76	-3.8%
	Information Providers/Technical Assistance						
GSA	General Services Administration	Users of the Federal Consumer Information Center, Pueblo, Colorado	77	79	NM	80	N/A
PBGC	Pension Benefit Guarantee Corporation	Pension plan participants	NM	NM	73	74	1.4%
BOC	Bureau of the Census, Commerce	Data distributors in depository libraries, state and local agencies	70	67	69	NM	N/A
BOC	Bureau of the Census, Commerce	Data distributors in state and local agencies	NM	NM	NM	73	N/A
	Specialty Retail – Collectibles						
Mint	U.S. Mint, Treasury	Buyers of numismatic & commemorative coins	86	84	88	84	-4.5%
	Applicants						
VBA	Veterans Benefits Administration, VA	Benefits claimants	61	58	NM	58	N/A
	Recreational Land Users						
USACE	Army Corps of Engineers, Defense	Recreational visitors	NM	NM	71	73	2.8%
	Grants/Financial Services						
Ex-Im	Export-Import Bank	Commercial banks and exporters	NM	NM	70	70	0.0%
	IRS						
IRS	Internal Revenue Service, Treasury	All individual tax filers	51	56	60*	62	3.3%
		Individual electronic tax filers	74	75	77	78	1.3%
		Individual paper tax filers	NM	48	52	53	1.9%
IRS	Internal Revenue Service, Treasury	Small Business Corporate tax filers	NM	NM	66	60	-9.1%
IRS	Internal Revenue Service, Treasury	Tax Exempt Organizations	NM	NM	60	60	0.0%
IRS	Internal Revenue Service, Treasury	Large & Midsize Business Corporate tax filers	NM	NM	55	52	-5.5%
IRS	Internal Revenue Service, Treasury	Employee Plans	NM	NM	48	48	0.0%
	Regulatory						
FDA	Food & Drug Administration, HHS	Principal grocery shoppers & food preparers	66	68	68	67	-1.5%
FAA	Federal Aviation Administration, Transportation	Commercial pilots	58	56	59	64	8.5%

*Revised 12/02