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**THE AMERICAN CUSTOMER SATISFACTION INDEX RELEASES ANNUAL  
REPORT ON FEDERAL SERVICES:**

***Satisfaction With The IRS And Other Government Agencies Is On The Rise.***

MILWAUKEE, December 17, 2001---Believe it or not, filing taxes has become a more favorable experience for Americans than flying on commercial airlines, according to the American Customer Satisfaction Index (ACSI) released today.

In its annual report on how satisfied Americans are with federal government agencies, the ACSI shows that the score for the Internal Revenue Service has improved 11 percent from last year and 22 percent since 1999. While still relatively low, the IRS score of 62 (out of a possible 100) is still higher than the airlines' recent score of 61 (as measured by the ACSI in the first quarter of this year---well before the Sept. 11 attacks and the subsequent impact on air travel).

"These would be noteworthy improvements for any organization in any industry, but they are even more notable in view of the 'business' of the IRS," says 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. "It is difficult to imagine a society in which people would be more satisfied with tax collection than with competing companies from which purchases are neither mandatory nor without alternatives of choice."

Fornell says that high satisfaction among individuals filing tax returns electronically---who largely view the process as simple and efficient and who receive tax refunds faster---is a major reason for the IRS's better ACSI score.

"The IRS has adopted some of the private sector's techniques, such as actively listening to their customers then changing processes, reallocating resources and focusing technology to enhance the overall tax-filing experience," says Jack West, past president of the American Society for Quality, a partner in producing the ACSI.

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While the IRS showed the biggest improvement among the government agencies measured by the ACSI, almost all agencies included in both this year's and last year's reports improved in customer satisfaction. The exceptions were the Food & Drug Administration (FDA), which showed no change in its score of 68, and the Social Security Administration (SSA), which slipped from 84 to 82---still among the highest agency scores.

The overall ACSI score for government agencies is up from 68.6 a year ago to a current mark of 71, a 3.5 percent increase. Federal services pertaining to benefits (e.g., SSA, Veterans Health Administration), public information (e.g., Centers for Disease Control and Prevention, Student Financial Assistance, Bureau of Labor Statistics), and recreational land use (e.g., Fish & Wildlife Service, Army Corps of Engineers) fared well, with scores ranging from the 70s to the 90s, for the most part.

Regulatory agencies (e.g., FDA, Occupational Safety & Health Administration, Federal Aviation Administration), in general, scored in the 50s and 60s.

"These agencies face a more complicated challenge as they have both an enforcement task, as well as a service mission," Fornell says. "The latter can legitimately be subjected to feedback in the form of customer satisfaction, but the enforcement task is more intricate and issues other than individual satisfaction come into play."

Overall, Fornell says that providing high levels of satisfaction with government services is a way to increase public trust, which is one reason the ACSI in the public sector is important.

"Contrary to the private sector, the dissatisfied recipient of government services can rarely punish a faltering service provider by taking his or her business elsewhere or by demanding a lower price," he says. "There is no market feedback that forces the service provider to improve or signals what to improve. In this sense, the ACSI is a substitute for market forces.

"Similarly, as government expenditure as a percentage of national income declines, it becomes essential to allocate public resources in such a way that better service can be provided to a growing number of citizens. Measures such as the ACSI make it feasible to better balance cost with quality of service. Indeed, the service improvements realized by the IRS from electronic filing is but one example of this."

Finally, Fornell says that although the impact of the Sept. 11 terrorist attacks on customer satisfaction with federal agencies was not measured directly, it is possible that government services may have benefited from "greater effort and understanding from both service providers and recipients, as the country unites against a common foe."

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The ACSI is a national economic indicator of customer evaluations of the quality of goods 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.

In December of each year, the ACSI issues a report on satisfaction of recipients of services from the federal government. Agency participation is voluntary. This year, 53 different customer groups served by 39 agencies were measured.

The index is produced by a partnership of the U-M Business School, [American Society for Quality](#) and [CFI Group](#), and supported in part by [Market Strategies Inc.](#), a major corporate sponsor. The Federal Consulting Group, a franchise within the Department of the Treasury, is the executive agent for the ACSI and the federal government.

Agency scores can be found on the U-M Business School's Web site ([www.bus.umich.edu/acsi](http://www.bus.umich.edu/acsi)) and on ASQ's Web site ([www.asq.org](http://www.asq.org)). The Web site for CFI Group is [www.cfigroup.com](http://www.cfigroup.com).

## ACSI Scores for Federal Government 2001

| ID         | AGENCY/DEPARTMENT                                       | CUSTOMER SEGMENT  | 2001        |
|------------|---|---|-------------|
|            | <b>Federal Government (Aggregated)</b>                  |   | <b>71.0</b> |
|            | <b>Services Through Local and State</b>                 |   |             |
| ETA        | Employment & Training Administration, Labor             | Parents/Guardians of Job Corps participants                               | 80          |
| OJP        | Office of Justice Programs, Justice                     | Recipients of discretionary grants  | 66          |
| FHWA       | Federal Highway Administration, Transportation          | State Department of Transportation district engineers and administrators  | 65          |
| FNS        | Food and Nutrition Service, Agriculture                 | National School Lunch Program recipients                                  | 64          |
|            | <b>Benefits Recipients</b>                              |   |             |
| ESA        | Employment Standards Administration, Labor              | Recipients of Black Lung compensation                                     | 93          |
| NCA        | National Cemetery Administration, VA                    | Kin or other persons responsible for an interment                         | 93          |
| VBA        | Veterans Benefits Administration, VA                    | Recipients of death claims benefits                                       | 90          |
| SSA        | Social Security Administration                          | Survivor benefits recipients  | 86          |
| SSA        | Social Security Administration                          | Disability benefits recipients  | 84          |
| VHA        | Veterans Health Administration, VA                      | Recipients of VHA pharmacy services                                       | 83          |
| SSA        | Social Security Administration                          | Retirement benefits recipients  | 82          |
| VHA        | Veterans Health Administration, VA                      | Inpatients at VHA clinics   | 82          |
| RRB        | US Railroad Retirement Board                            | Retirees  | 82          |
| VHA        | Veterans Health Administration, VA                      | Outpatients at VHA clinics  | 79          |
| CMS        | Centers for Medicare & Medicaid Services, HHS           | Medicare recipients   | 79          |
| OPM        | Office of Personnel Management                          | Federal retirees and annuitants   | 78          |
| FSA        | Farm Service Agency, Agriculture                        | Recipients of Farm Programs benefits                                      | 68          |
|            | <b>Public Information/Websites</b>                      |   |             |
| SFA        | Student Financial Assistance, Education                 | Website users   | 82          |
| GAPS       | Grant Administration & Payment System, Education        | Users of E-Payments website   | 80          |
| Ed-Info    | Education Information, Education                        | Subscribers to EdInfo service   | 77          |
| CDC        | Centers for Disease Control and Prevention, HHS         | Website users   | 74          |
| BLS        | Bureau of Labor Statistics, Labor                       | Users of labor statistics   | 74          |
| EIA        | Energy Information Administration, Energy               | Website users   | 73          |
| CA         | Consular Affairs, State                                 | Travel information website users  | 73          |
| PBGC       | Pension Benefit Guarantee Corporation                   | Users of telephone call center  | 73          |
| NASS       | National Agricultural Statistical Services, Agriculture | Data users  | 72          |
| BOC        | Bureau of the Census, Commerce                          | Data distributors in depository libraries, state and local agencies       | 69          |
|            | <b>Technology Products/Information/Services</b>         |   |             |
| NRCS       | Natural Resources Conservation Service, Agriculture     | Recipients of technical assistance  | 81          |
| NASA-TV    | NASA-TV   | TV news producers, editors, who use NASA-TV video file or live interviews | 73          |
| NASA-Glenn | NASA-Glenn Research Lab                                 | Users of NASA-Glenn technology products, information, services            | 67          |
|            | <b>Specialty Retail – Collectibles</b>                  |   |             |
| Mint       | U.S. Mint, Treasury                                     | Buyers of numismatic & commemorative coins                                | 88          |
|            | <b>Applicants</b>                                       |   |             |
| BVA        | Board of Veterans Appeals                               | Claimants who have appealed a negative claims decision                    | 35          |

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| ID    | AGENCY/DEPARTMENT                                     | CUSTOMER SEGMENT  | 2001 |
|-------|---|---|------|
|       | <b>Recreational Land Users</b>                        |   |      |
| FWS   | Fish & Wildlife Service, Interior                     | Recreational visitors   | 74   |
| USACE | Army Corps of Engineers, Defense                      | Recreational visitors   | 71   |
|       | <b>Grants/Financial Services</b>                      |   |      |
| SBA   | Small Business Administration                         | Women's Business Centers                                      | 75   |
| Ex-Im | Export-Import Bank                                    | Banks and Importers   | 70   |
| SBA   | Small Business Administration                         | SCORE Counseling  | 68   |
| SBA   | Small Business Administration                         | One Stop Capital Shops  | 67   |
| FHA   | Federal Housing Administration, HUD                   | Lending institutions offering FHA loans                       | 66   |
| FSA   | Farm Service Agency, Agriculture                      | Recipients of Direct Farm Loans                               | 65   |
|       | <b>IRS</b>  |   |      |
| IRS   | Internal Revenue Service, Treasury                    | Small Business Corporate form 1120 tax filers                 | 66   |
| IRS   | Internal Revenue Service, Treasury                    | All individual tax filers                                     | 62   |
|       |   | Individual electronic tax filers                              | 77   |
|       |   | Individual paper tax filers                                   | 52   |
| IRS   | Internal Revenue Service, Treasury                    | Tax Exempt Organizations                                      | 60   |
| IRS   | Internal Revenue Service, Treasury                    | Midsized Business Corporate form 1120 tax filers              | 55   |
| IRS   | Internal Revenue Service, Treasury                    | Employee Plans  | 48   |
|       | <b>Regulatory</b>                                     |   |      |
| APHIS | Animal & Plant Health Inspection Service, Agriculture | Flower importers  | 73   |
| OSHA  | Occupational Safety & Health Administration, Labor    | Employees who experienced an OSHA walk-through                | 70   |
| FDA   | Food & Drug Administration, HHS                       | Principal grocery shoppers & food preparers                   | 68   |
| FAA   | Federal Aviation Administration, Transportation       | Commercial pilots   | 59   |
| FHA   | Federal Housing Administration, HUD                   | Owners' management agents of FHA assisted and insured housing | 59   |
| ATF   | Alcohol, Tobacco, & Firearms, Treasury                | Wine and Alcohol labeling                                     | 58   |
| PWBA  | Pension & Welfare Benefits Administration, Labor      | Benefit plan participants                                     | 53   |

**ACSI Overall Federal Government Score with Historical Scores of Agencies Measured 1999-2001**

|      |   |   | 1999        | 2000        | 2001        | Percent change from 2000 |
|------|---|---|-------------|-------------|-------------|--------------------------|
|      | <b>Federal Government (Aggregated)</b>          |   | <b>68.6</b> | <b>68.6</b> | <b>71.0</b> | <b>+3.5%</b>             |
|      | <b>Benefits Recipients</b>                      |   |             |             |             |                          |
| SSA  | Social Security Administration                  | Retirement benefits recipients                                      | 82          | 84          | 82          | -2.5%                    |
| VHA  | Veterans Health Administration, VA              | Outpatients at VHA clinics  | 79          | 78          | 79          | +1.3%                    |
| CMS  | Centers for Medicare & Medicaid Services, HHS   | Medicare recipients   | 71          | 74          | 79          | +6.8%                    |
| OPM  | Office of Personnel Management                  | Federal retirees and annuitants                                     | 75          | 73          | 78          | +6.8%                    |
|      | <b>Public Information/Websites</b>              |   |             |             |             |                          |
| BOC  | Bureau of the Census, Commerce                  | Data distributors in depository libraries, state and local agencies | 70          | 67          | 69          | +3.0%                    |
|      | <b>Specialty Retail – Collectibles</b>          |   |             |             |             |                          |
| Mint | U.S. Mint, Treasury                             | Buyers of numismatic & commemorative coins                          | 86          | 84          | 88          | +4.8%                    |
|      | <b>IRS</b>                                      |   |             |             |             |                          |
| IRS  | Internal Revenue Service, Treasury              | All individual tax filers   | 51          | 56          | 62          | +10.7%                   |
|      |   | Individual electronic tax filers                                    | 74          | 75          | 77          | +2.7%                    |
|      |   | Individual paper tax filers   | NM          | 48          | 52          | +8.3%                    |
|      | <b>Regulatory</b>                               |   |             |             |             |                          |
| FDA  | Food & Drug Administration, HHS                 | Principal grocery shoppers & food preparers                         | 66          | 68          | 68          | +0.0%                    |
| FAA  | Federal Aviation Administration, Transportation | Commercial pilots   | 58          | 56          | 59          | +5.4%                    |

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