Customer Satisfaction with Federal Government Dips Slightly, According to Latest American Customer Satisfaction Index

ANN ARBOR, MI (December 15, 2005) — After three years of small but steady improvements, customer satisfaction of users of federal government services declines slightly for 2005, according to new findings released today by the American Customer Satisfaction Index (ACSI).

In the aggregate, satisfaction with government services scores a 71.3 on the ACSI’s 100-point index, down 1.1% from 72.1 last year. This drop marks the first decline in satisfaction with the federal government since 2002. However, because private sector services also experienced a decline (down 3.2% to 71.5), government services compare somewhat more favorably to the private sector this year. In fact, government services in the aggregate remain ahead of certain private sector industries, such as airlines (66), wireless telephone (63) and cable television (61).

The ACSI reflects user evaluations of government services measured through a econometric model that captures key components of service that collectively determine overall citizen satisfaction. The aggregate federal government score is a weighted average of the satisfaction levels of several different measured groups.

Decline in Health-Related Services
Both inpatients and outpatients of the Veterans Health Administration (VHA) have declining ACSI scores. While the VHA’s inpatient satisfaction is down only slightly (-1% to 83), the drop for VHA outpatients is more noteworthy - here the score drops 4% to 80.

“The cause of these declines for VHA is unclear, but it seems likely that they are at least partly the result of the return of thousands of veterans in need of medical services from the Iraq war,” said University of Michigan Professor Claes Fornell, who heads the Index. “However, while any decline is not good news, it is worth noting that satisfaction with private sector hospitals tumbled far more dramatically this year, down 7% to a score of 71.”

Regulatory Agencies Face a More Difficult Task
Not surprisingly, government agencies that deliver benefits have higher ACSI scores. The highest score received by any government agency this year is the score of 90 for the Railroad Retirement Board’s benefits recipient group. Analysis of seven years of ACSI data has shown that agencies delivering benefits have consistently and significantly higher levels of satisfaction than other types of government services. For example, agencies providing benefits score on average 12 points higher in ACSI than regulatory agencies.

“Historical ACSI data has confirmed what we have assumed all along - that regulatory agencies are presented with a much more difficult task in working to satisfy their customers,” Fornell said.
“This doesn't mean that it can't be done; it just means that these agencies have to work harder to do it.”

**Satisfaction with the IRS Plateaus**
The Internal Revenue Service also shows a small decline. Specifically, satisfaction among those who file their taxes using the IRS’s traditional paper tax forms is at its lowest level since 2000, after dropping 3.8% to a score of 50 this year. Overall individual filer satisfaction is stable at 64, however.

“Overall satisfaction with tax filing remains stable because the IRS has been successful in recent years at moving more individuals from paper to electronic filing,” said Fornell. “The proportion of electronic filers has nearly tripled since 1998, and because e-filing is a far more satisfying process, this has off-set the low and even declining score for paper filers.”

**Online Satisfaction Surpasses Offline Government**
Satisfaction with government websites is improved 2.5% from last year to an all-time high score of 73.9. Online satisfaction was tied with offline government services a year ago, but the rise of the former and decline of the latter means that satisfaction with e-government now surpasses offline services by a significant margin.

Nevertheless, e-Government must continue to improve if it is to reach the levels of satisfaction enjoyed by private sector websites. While the gap between offline government services and private sector services is very small, there is a significant gap between government websites and those in the private sector, suggesting that there is room for improvement.

“While e-government websites are performing well, and have made significant advances each of the last two years, they still have ground to close to catch private sector websites,” said Fornell. “But with initiatives like the E-Government Act of 2002 just beginning to have their full impact, further improvements in agency website satisfaction could continue to be seen for the near future.”

Complete findings are being presented in a special annual meeting of participating agencies today.

**About The ACSI**
The ACSI is produced quarterly by the University of Michigan's Ross School of Business in partnership with the American Society for Quality and international consulting firm CFI Group. The annual government ACSI is done in cooperation with the Treasury Department’s Federal Consulting Group.