



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

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April 21, 1995

The Honorable Christopher H. Smith
House of Representatives

Dear Mr. Smith:

This letter responds to your request that we (1) examine the extent to which selected federal agencies have incorporated customer satisfaction into their strategic plans and/or mission statements; (2) ascertain how the agencies determine their customers' satisfaction with services received; and (3) determine to what extent the agencies' methods of hiring, training, and evaluating employees address the issue of customer service.

We selected the Social Security Administration (SSA), the Department of Veterans Affairs (VA), the Department of Housing and Urban Development (HUD), and the Health Care Financing Administration (HCFA) for review because of the specific interests expressed by your office and because they represent a range of the different ways federal agencies provide services to the public. SSA and VA provide services directly to the public, while HCFA and HUD provide most of their services through third parties, such as insurance companies and state and local housing administrations.

Improving customer service has become an important issue for federal agencies. The 1993 Government Performance and Results Act (GPRA) required government agencies to focus on results, quality of service, and customer satisfaction. Beginning in 1997, agencies must prepare strategic plans containing mission statements and general goals, and the agencies must report annually to Congress on how well their programs meet these goals.

In addition, the National Performance Review (NPR) and Executive Order 12862, "Setting Customer Service Standards," recommended a governmentwide goal of providing customer service that is equal to the best private sector customer service. Among other things, executive agencies are required to survey customers to determine their level of satisfaction with existing services.

GAO/GGD-95-91R, Selected Agencies' Customer Service Efforts

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The four agencies we reviewed have taken varying steps to incorporate the goal of providing high-quality, courteous, and responsive customer service into their operations.

- To varying degrees, all four agencies had emphasized customer service in their strategic plans and/or mission statements. For example, the mission statement in SSA's 1991 strategic plan specifically reflected the goal of providing courteous service to the public, and VA's 1994 through 1998 strategic plan included goals for providing compassionate service. The HCFA and HUD mission statements and/or strategic plans had the more general goal of providing quality service. Pursuant to the NPR, each agency published customer service standards in September 1994. Each agency's standards addressed the type of service the public could expect to receive, including courtesy and timeliness.
- While each agency attempted to assess public satisfaction with its services, these efforts varied in scope and formality. SSA and VA relied heavily on national customer surveys to assess client satisfaction. HCFA directed its efforts to evaluating the quality and timeliness of the services its contractors provided to the public. HUD relied mostly on customer complaints to judge public satisfaction with its programs and service. Pursuant to Executive Order 12862, all four agencies were developing and/or refining mechanisms to obtain customer satisfaction feedback.
- All four agencies and their field offices generally included aspects of customer service as job requirements in vacancy announcements and employee performance plans and evaluations for the positions that we reviewed.
- While agencies are not required to give employees training in courteous service, SSA, VA, and HCFA all did so. A HUD official told us that the department had identified courses to assist employees in better serving their clients; however, the courses had not been provided yet because of insufficient funds.

A more detailed discussion of our findings regarding the four federal agencies' handling of customer service issues is provided in the enclosure to this letter.

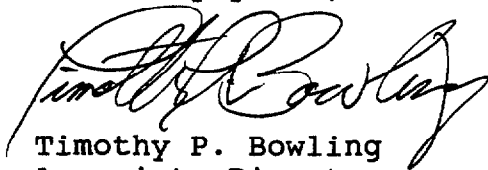
To gather this information, we contacted the four agencies' headquarters and a total of 12 of their regional/area offices, obtaining copies of their strategic plans; their mission, goals, and objectives statements; and their policies and procedures for hiring, training, and evaluating employees who provide service to the public. We also identified the processes the agencies used to evaluate customer satisfaction and obtained the results of those evaluations.

We contacted 15 field locations subordinate to the 12 regional/area offices, including 3 insurance companies that provide HCFA services, and obtained information on how the agencies' procedures for providing customer service were implemented. We visited nine of these locations, where we interviewed field office officials concerning their agencies' policies and procedures for providing customer service. We reviewed selected employee records to determine whether (1) customer service was included in employee performance plans, (2) employees were evaluated on providing accurate information and courteous service to the public, and (3) employees had received training regarding such service. Finally, we reviewed selected vacancy announcements for positions that deal with the public to see how customer service was addressed.

We discussed the facts presented in this letter with officials from each of the four agencies and made changes where appropriate. We are sending copies of this letter to the Secretary of VA, the Secretary of HUD, the Administrator of HCFA, and the Commissioner of SSA.

I hope this information is helpful to you. Please call me on (202) 512-5074 if you have any further questions.

Sincerely yours,



Timothy P. Bowling
Associate Director
Federal Human Resource Management
Issues

ADDITIONAL INFORMATION ON
CUSTOMER SERVICE AT FOUR AGENCIES

EMPHASIZING CUSTOMER SERVICE IN
STRATEGIC PLANS/MISSION STATEMENTS

To varying degrees, all four agencies had taken steps to emphasize customer service in strategic plans and/or mission statements even before the requirements of GPRA were put into place. Pursuant to the GPRA and the NPR initiatives, the agencies had planned additional steps addressing customer service objectives.

In 1991, for example, SSA developed a strategic plan containing an agencywide mission statement that committed SSA to providing customer service in an equitable, efficient, courteous, and caring manner. The strategic plan set specific and measurable service-delivery goals (e.g., the wait in a district office should not exceed 15 minutes for individuals with appointments or 30 minutes for those without appointments). Pursuant to Executive Order 12862, in September 1994 SSA modified some of its service-delivery goals and objectives. For example, SSA reduced the waiting time standard cited above from 15 to 10 minutes.

VA's mission is to deliver benefits and services in a high-quality, cost-effective, and timely manner to veterans and their families. In its 1994 through 1998 strategic plan, VA addressed customer service and included goals for providing compassionate, high-quality, and timely service. Each of the VA medical facilities and regional offices included in our review developed local mission statements; all but one of these statements addressed customer service. Many of these same concepts were included in VA's customer service standards published in September 1994.

In its 1994 strategic plan, HCFA made building a high-quality, customer-focused team its highest priority. In accordance with Executive Order 12862, HCFA published customer service standards in September 1994. Among other things, the standards stated that telephone calls received after hours should be returned the next business day; that callers should not be put "on hold" for more than 2 minutes; and that all written inquiries should be answered within 30 workdays.

HUD's 1993 field management plan (which serves as its strategic plan) did not specifically address service to the public. However, HUD emphasized direct contact with the public in its customer service standards, which established response times of

24 hours for telephone inquiries and 10 workdays for written correspondence.

AGENCY EVALUATIONS OF
CUSTOMER SERVICE

The four agencies in our review developed various methods of assessing customer satisfaction. In addition, they each planned to develop and/or refine mechanisms to obtain customer feedback as part of their plans to implement NPR objectives.

In 1993, the Department of Health and Human Services' (HHS) Office of Inspector General conducted a national survey of customer experiences and satisfaction with SSA. Seventy-seven percent of the respondents rated SSA's service as "good" or "very good," while 84 percent judged field office employees to be "courteous" or "very courteous."

Pursuant to Executive Order 12862, SSA developed customer comment cards to be made available through its local offices. SSA also employed customer focus groups to obtain information on the choices and levels of services their customers expected.

VA evaluated customer service in a variety of ways. Its medical facilities used VA-wide surveys to determine customer satisfaction, while the regional offices that provide benefit services used local surveys to determine customer satisfaction. The three VA medical facilities we contacted used various means to evaluate customer satisfaction, including a VA-wide Patient Satisfaction Survey. More than 94 percent of the respondents to the 1992 VA-wide survey rated the care they received as "favorable." The medical facilities we contacted also had a Patient Representative Program, which provided local management with the patient's view of the care and services provided.

The VA regional offices we contacted used various means to measure customer satisfaction, such as surveys, customer letters, and congressional inquiries. The regional offices used a locally developed survey to assess quality of services. While the survey results were not formally documented, regional officials told us they were used to plan and conduct employee training.

While HCFA has developed a program to annually evaluate the performance of its carriers, this program does not focus on customer satisfaction. Still, HCFA was involved in a number of initiatives to improve customer service and to implement the NPR recommendations. For example, HCFA was (1) developing a project to ensure that HCFA's beneficiary publications addressed customers' needs, (2) meeting quarterly with beneficiary advocacy

groups for input on ways to improve customer service, and (3) planning to survey Medicare beneficiaries on their satisfaction with the carriers that pay their claims.

HUD did not have a formal system in place to assess customer satisfaction; instead, it used the Automated Correspondence On-line Response Network System to document client complaints and requests. However, officials said that these complaints usually concerned issues unrelated to customer service, such as abuse of HUD programs by tenants or maintenance deficiencies.

While the HUD regional offices we contacted periodically reviewed field offices' performance, these reviews did not focus on customer satisfaction. Field office officials told us they monitored customer complaints and compliments and/or congressional inquiries to gauge customer satisfaction. Our review of congressional inquiry or complaint files at two field offices revealed no complaints concerning customer service.

To comply with the NPR and Executive Order 12862, HUD officials said they were organizing a forum of HUD employees and contractors to assess HUD's customer service. According to HUD officials, the contractors are to assist HUD in developing a questionnaire to assess customers' satisfaction with HUD's performance.

INTEGRATION OF CUSTOMER SERVICE INTO PERSONNEL MANAGEMENT SYSTEMS

To varying degrees, all four agencies and their field offices included aspects of customer service in vacancy announcements and performance standards for those positions that we reviewed. HUD was the only one of the four agencies not to provide customer service training to its employees; according to a HUD official, courses had been identified but were not provided due to insufficient funds.

According to SSA's strategic plan, employees hired for public contact positions are to be selected for their ability to deal with the public as well as for their technical competence. For example, the vacancy announcement for a telephone service representative position at SSA's New York regional office required that candidates demonstrate an ability to deal with the public and handle sensitive situations.

SSA's strategic plan also committed the agency to supporting customer service training for employees. SSA is to provide training to new employees whose positions require public contact--i.e., claims, field, service, and teleservice representatives.

SSA also is to provide refresher training to employees. Officials at the three district offices we contacted stated that staff received customer service training, either through a video or a staff meeting.

SSA's guide for developing employee performance plans stated that, where applicable, SSA's service-delivery goals and objectives are to be reflected in employee performance plans. To spot check compliance with this requirement, we reviewed the files of 70 employees (46 at Trenton, NJ, and 24 at Virginia Beach, VA,) who dealt with the public. We determined that (1) all of their performance plans addressed customer service issues and (2) supervisors rated employees on their customer service skills.

At two VA health care facilities and three VA regional offices, we verified that customer service was addressed in vacancy announcements for positions that dealt directly with the public. For example, we reviewed a vacancy announcement for a contact representative position at the Newark regional office. The announcement for the position stated that applicants required an aptitude for dealing with the public. Additionally, the announcement stated that applicants were to be rated on their ability to (1) maintain courteous communications with customers and (2) conduct interviews in such a way that all pertinent information was obtained from and provided to customers.

According to VA officials, a July 1993 initiative by Secretary Jesse Brown required customer service training for all VA employees. The training course was to be provided at the local level by instructors designated by each facility. According to an agency official, the course had been completed by employees in the VA headquarters, regional offices, and most of the medical centers.

The VA regional offices and health care facilities we contacted also provided customer service training to their employees who dealt with the public. For example, the Newark, NJ, regional office offered courses on customer sensitivity, dealing with difficult people, interpersonal communications, and conflict resolution. Mandatory divisional training within the Newark office also covered customer service issues. These training sessions were documented in the employee personnel files for public contact positions.

The VA health care facilities we visited also provided customer service training during orientation and on-the-job training, as

well as a formal C.A.R.E¹ workshop required of all medical center and outpatient clinic employees and all subsequent new employees.

VA's performance management system communicated performance requirements and evaluated performance against organizational goals and objectives. In a review of 291 randomly selected performance management plans for employees with customer service responsibilities at the VA facilities we reviewed, we found that 287 (98.6 percent) of the plans contained customer service duties and standards. We also found that employees were rated against these standards.

According to agency officials, HCFA has no unique requirements when hiring employees for positions dealing with the public. The officials pointed out, however, that there are knowledge, skills, and ability requirements for these positions that stress communications skills and familiarity with Medicare rules. We reviewed vacancy announcements from HCFA's Philadelphia and New York regional offices for beneficiary services specialist positions. While the announcements did not specifically address customer service, they required applicants to have the ability to deal with sensitive situations, such as those involving dissatisfied beneficiaries.

While HCFA's contractual agreements with private insurance companies did not specify the type of employees the insurers should hire, officials from the carriers told us that they preferred applicants with customer service experience. The insurance carriers' vacancy announcements for customer service positions we reviewed required that candidates demonstrate qualities such as the ability to communicate courteously and effectively.

According to agency officials, HCFA followed the training requirements set forth by HHS. However, neither those requirements nor HCFA policy required employee training on courteous service. New York regional officials said that, while there were no formal training courses, new employees received on-the-job training by supervisors on how to deal with the public, including training on Medicare rules, courtesy, and telephone communication. HCFA officials also advised us that the agency was implementing new training guidance that would address customer service.

¹C.A.R.E. refers to courtesy, positive attitude, respect, and enthusiasm.

One carrier told us that new hires received 1 week of customer service training, including how to serve elderly and dissatisfied customers. Another carrier told us that employees received weekly classroom and/or video training on such topics as telephone skills and dealing with angry customers.

HCFA regional officials said that their employee expectations and performance evaluations included the ability to provide courteous service and accurate information. According to the carriers we contacted, courteous and thorough service are also requirements in their employees' performance plans. During our visit to 1 carrier, we reviewed 24 employee performance plans and found that the plans contained customer service duties and that employees were appraised on their performance of these duties.

HUD used guidance from its merit staffing policy for hiring employees. However, this guidance did not require HUD to address public service when hiring employees to deal with the public. While none of the HUD field offices we visited had hired new staff since 1991 because of a hiring freeze, officials told us that past vacancy announcements contained customer service requirements. For example, a vacancy announcement that we reviewed at the Newark office for a housing management specialist required the ability to effectively communicate with HUD clients, local governments, and the public.

HUD's training regulations did not require training on customer service. Furthermore, while HUD's 1993 training needs assessment identified several courses to assist employees in serving their clients, a HUD official said these courses were not provided due to insufficient funds.

HUD's performance management system required the use of performance appraisals as the basis for (1) communicating and clarifying HUD's goals and objectives, (2) identifying individual accountability for accomplishing these goals, and (3) making performance award decisions. HUD's personnel policies did not specifically address customer service; however, the policies did include quality, timeliness, and manner of performance.

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