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# Summary and Recommendations

## CHAPTER 3

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**State agencies are mainly responsible for their own performance data.**

In this chapter, we provide an overview of our major findings and make several recommendations that address shortcomings in the customer satisfaction surveys and data that appear in ten state agencies' 1994 performance reports. We ask:

- **What are the main problems with state agencies' surveys and use of customer satisfaction data in performance reports?**
- **In general, what can state agencies do to improve and demonstrate the quality of customer satisfaction data in future performance reports?**

Although each state agency is primarily responsible for the quality of its own performance data, the 1995 Legislature, partly in response to perceived weaknesses in the quality of agencies' reports, directed the Commissioner of Finance to "ensure that performance reports are complete, accurate, and reliable, and compiled in such a way that they are useful to the public, legislators, and managers in state government."<sup>1</sup> In our view, this represents an enhanced role for the department, which previously was required to develop report forms and instructions, coordinate training for state agencies in the preparation of performance reports, and work with state agencies to develop acceptable measures of workload, unit costs, outputs, and outcomes.<sup>2</sup> We think the Department of Finance should not only structure and coordinate the reporting process but play an active role in overseeing the quality of performance data as well. In February 1996, it plans to finalize a set of instructions for agencies to use in writing future performance reports and in the meantime is developing a computer system that will allow for electronic production of reports, worldwide access to the reports, automated searches for performance information, and customized reports, for example, of state agencies' objectives by topic.<sup>3</sup>

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<sup>1</sup> *Minn. Laws* (1995), Ch. 254, Sec. 43, subd. 2.

<sup>2</sup> *Minn. Laws* (1994), Ch. 632, Art. 3, subd. 2(7e 1, 2).

<sup>3</sup> Memo to Performance Coordinators from Kirk Risberg, Department of Finance, "PERFORMS Stat," June 29, 1995. The 1994 Legislature appropriated \$275,000 for the performance and outcomes monitoring system. See *Minn. Laws* (1994), Ch. 632, Art. 3, Sec. 8.

## SUMMARY

Our study of customer satisfaction surveys in the 1994 performance reports reveals four major problems that may limit state agencies' ability to use customer satisfaction data as evidence of performance. First, some survey results may not be representative of state agencies' customers. A few agencies demonstrated that their respondents were similar to their customer populations, but most did not. At the same time, several surveys generated low response, which is a strong warning sign of potential bias. The problem is that those who choose to respond may be self-selected, with concerns and characteristics that are unlike customers in general.

The recommended way to reduce nonresponse bias is to obtain responses from the greatest possible percentage of those who are selected to participate. As shown in Table 3.1, all but 1 of the 10 state agencies in our study have obtained overall response rates of at least 50 percent, and often they have done better. Five of the 10 agencies have achieved response rates of 59 percent or more; the highest rates have been 86 to 90 percent. In most other cases, agencies have had substantial response to some of their questionnaires, but others fell short, or the response rate is unknown. With one exception, the table shows that there was no attempt to followup with nonrespondents in these cases. Neither did the agencies with low or unknown response rates attempt to demonstrate in their performance reports that survey respondents nevertheless were representative, for example, in terms of characteristics such as age and geographic region. Yet it is fundamental to valid survey research that responses come from reasonably representative subsets of given populations.

The second major problem is that survey results are not always useful for monitoring the agencies' progress toward goals and objectives that are stated in performance reports. In several cases, state agencies have only recently begun to conduct customer satisfaction surveys, and they have not yet finalized their questions and sampling strategies. A related problem is that some agencies have changed the way in which they ask questions and calculate results from year to year, so that results cannot be compared meaningfully over time. In other cases, several technical problems combine to cast doubt on the customer satisfaction data in the most recent performance reports. One agency is still contemplating how to measure its customers' satisfaction although it has already conducted three different surveys.

Third, the accuracy of some customer satisfaction data is questionable. In some cases, we found that results were calculated incorrectly or misreported. In others, we could not verify the accuracy of customer satisfaction data. Sometimes agencies simply discarded their working documents. In one case, agency staff reported survey results for years when they did not actually conduct surveys. Another agency used the same data for two different fiscal years and failed to catch an obviously mistaken claim about the near-total satisfaction of its customers.

Finally, basic information needed to interpret customer satisfaction data is often missing. Ideally, performance reports should provide enough information to understand and evaluate state agencies' major programs and objectives without consulting other sources. However, we found that state agencies seldom included the

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**Overall, the customer satisfaction data in performance reports need improvement.**

**Table 3.1: Characteristics of Customer Satisfaction Surveys Featured in 1994 Performance Reports**

<u>Department</u>	<u>Fiscal Year</u>	<u>Type</u>	<u>Follow-Up</u>	<u>Number of Respondents</u>	<u>Response Rate Percent</u>
<b>Transportation</b>					
University of Minnesota State Omnibus Survey	1989	Phone	Yes	1,209	77%
	1990	Phone	Yes	804	70
	1991	Phone	Yes	822	72
	1992	Phone	Yes	825	79
	1993	Phone	Yes	805	71
	1994	Phone	Yes	808	69
	1995	Phone	Yes	805	68
<b>Pollution Control Agency</b>					
University of Minnesota State Omnibus Survey	1992	Phone	Yes	825	79
	1993	Phone	Yes	805	71
	1995	Phone	Yes	805	68
<b>Employee Relations</b>					
State employees	1993	Phone	Yes	1,210	86
<b>Natural Resources</b>					
Park visitors	1987	Distributed	Yes	1,316	88
General population	1988	Mail	No <sup>a</sup>	3,100	59
<b>Trade and Economic Development</b>					
Trade Office clients	1988-89	Mail	No	352	?
	1990-1991	Mail	Yes	552	41
<b>Revenue</b>					
Sales and use tax auditees	1992	Mail	No	552	60
	1993	Mail	No	642	60
	1994	Mail	No	593	60
<b>Human Services</b>					
Office of the Ombudsman for Older Minnesotans clients	1993 (portion)	Mail	No	234	61 ?
	1994	Mail	No	170	?
<b>Public Safety</b>					
County sheriffs	1992	Distributed	Yes	54	62
Police chiefs	1993	Distributed	?	?	?
County attorneys	1994	Mail	Yes	54	62
Office of Crime Victims Ombudsman clients	1995	Mail	No <sup>b</sup>	32	39
<b>Finance</b>					
Budget services clients	1993	Mail	No	57	32 ?
Payroll clients	1993	Mail	No	101	76 ?
Accounting clients	1993	Mail	No	39	48 ?
<b>Administration</b>					
InterTech customers	1994	Mail	No	259	19
Building code seminar attendees	Spring 1992	Distributed	No	269	83
	Fall 1992	Distributed	No	312	79
	Spring 1993	Distributed	No	488	90
	Fall 1993	Distributed	No	547	80
	Spring 1994	Distributed	No	439	87
Government information policy training session attendees	Various	Distributed	No	?	?

Note: ? indicates that actual figures are uncertain due to lack of records or contradictory information.

<sup>a</sup>The agency did an extensive follow-up phone survey that was used to check the representativeness of those who returned the mail questionnaire.

<sup>b</sup>The office retrospectively decided to follow up on nonrespondents and is now in the process of doing so.

Source: Department records.

questions that were asked, which methods of data collection were used, who and how many answered, and how "satisfaction" was defined. Thus, it is difficult to interpret the meaning of resulting performance measures or to apply them in evaluating state agencies' progress toward improved customer service.

As a result of these and other assorted problems that are explained in Chapter 2, we conclude that:

- **For most agencies we reviewed, customer satisfaction data in the 1994 performance reports need to be improved.**

On the other hand, several of the ten agencies whose surveys we evaluated are producing useful performance data, making good use of the results, and positioning themselves to demonstrate the quality of their customer satisfaction surveys in the future. For example, the Department of Employee Relations obtains high quality data about state employee satisfaction with health care and health plans in order to support department goals of improving health plan services and empowering employees to choose wisely among health plans. By contracting with a well qualified consultant, carefully sampling, and targeting knowledgeable respondents, we are confident that the department's data accurately reflect the level of satisfaction of state employees. The department has developed a consistent set of questions, offers a range of response options and, in our view, has appropriately selected two summary indicators for assessing its overall performance: a single rating of each health plan and a combination of seven items rating each plan on overall health care.

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**Some agencies are already producing useful performance data from customer surveys.**

The Department of Revenue aggressively uses customer satisfaction data to monitor auditors' performance. The department used an in-house team and feedback from staff and auditees to develop its own survey process and one-page questionnaire, which we think is appropriate for performance reporting and other general purposes. While we recommend revising the response scale to add a middle or neutral category, there is little doubt that the audit quality survey provides useful information from the majority of sales and special taxpayers who are audited. The department refers specific data to managers and others who use it to make changes in the audit process, while it also combines several items to produce an overall performance measure that is easy to understand.

Also, the Departments of Natural Resources (DNR) and Trade and Economic Development (DTED) have the in-house expertise necessary to plan, conduct, and implement scientifically valid, credible surveys. Technical reports prepared by DNR show a knowledge of appropriate statistical and sampling methodology, a cautious approach to the use of customer satisfaction data, and appropriate differentiation of data useful internally for program managers versus public monitoring of the agency's performance. DTED has a long history of evaluating customer satisfaction and trained staff who are well aware of the scientific requirements for planning and conducting such surveys. Other agencies including the Department of Transportation and Pollution Control Agency have successfully contracted with the University of Minnesota for high quality, representative, statewide information on customer satisfaction with government services. In addition, each of the state agencies in our study showed a positive, practical appreciation for customer satisfaction surveys, with which they are becoming increasingly familiar.

## RECOMMENDATIONS

To address the problems we found in customer satisfaction data associated with performance reports, we have developed several general recommendations. First, the Department of Finance's most recent set of instructions for developing performance reports specifically tells state agencies to:

- **State clearly what is being measured and how the measure is derived or calculated.**
- **Explain why the measure is relevant to the program or service being provided.**
- **Identify the data source(s) used to calculate the measure and indicate how often the data are updated, including basic information on how and when the data were collected and where the data can be obtained.**
- **Include a supplemental attachment with information and explanation of data sources, specific agency contacts, methodology, and other information required to evaluate agency data for legislative audit purposes.<sup>4</sup>**

We endorse these instructions and urge agencies to follow them more closely. In our view, agencies need to take greater responsibility for ensuring that their data on customer satisfaction are accurate, thorough, and consistent from year to year. They should: (1) demonstrate a more rigorous approach to data collection, analysis, and reporting and (2) include basic descriptions of their methods in or attached to performance reports.

Second, we recommend that:

- **State agencies should develop systematic data retention schedules which will allow interested parties to verify and further analyze customer satisfaction data.**

State law requires the Office of the Legislative Auditor to biennially review and comment on the appropriateness, validity, and reliability of measures and data in performance reports.<sup>5</sup> However, some state agencies lack adequate records retention policies regarding performance data. In some cases, the agencies had only a summary of the results and not the individual responses that led to conclusions. Also, it was difficult for some of the agency staff to recall how they developed performance measures from their surveys.

Typically, state agencies list government records on retention schedules that are maintained by the Commissioner of Administration. In reviewing some of these schedules, we observed that state agencies often maintain routine information on a permanent or long-term basis and, in the case of financial records, on a 3- or 4-

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<sup>4</sup> Department of Finance, *Annual Performance Report Instructions* (St. Paul, June 1994), 16.

<sup>5</sup> *Minn. Stat.* §3.971, subd. 3.

year basis or until audited. In our view, this general practice should be extended to performance reports.

Our third recommendation is that:

- **For purposes of creating performance measures from customer satisfaction surveys, state agencies should adhere to recommended, standard practices for valid survey research.**

For purposes of routine management or quality improvement, any comments from customers may be useful, but these are not equivalent to surveys and not likely to amount to valid information on state agencies' overall performance. As we explain in Chapter 1, valid surveys can be shown to represent the views of definite groups of customers within the limits of some small amount of unavoidable error. Though imperfect, such surveys provide the best, most accurate information for managers, policy makers, and the public.

One of the purposes of Minnesota's performance reporting law is to generate information so that the Legislature can determine the extent to which state programs are successful.<sup>6</sup> Obviously, the quality of that information is critical. In our experience, it is not costly or inordinately difficult to conduct valid survey research. Simple steps can be taken to minimize errors and other threats to validity, including obtaining an adequate number of respondents and ensuring that those respondents are representative of the agency's customers. These procedures are explained in Chapter 1 and invoked in Chapter 2. In addition, Appendix A provides a bibliography for further reading. Besides using these self-help devices, we suggest that agencies consider sharing staff with survey research training, consulting with statisticians or survey researchers, and if necessary, hiring contractors to train their staff or help with data collection and analysis.

In conducting future customer satisfaction surveys that will be used in performance reports, we also recommend that:

- **State agencies should develop standard questions that they use consistently to assess and report customers' level of satisfaction.**

Since customer satisfaction surveys tend to be new to the state agencies in our study, we found that several have changed the questions they use to measure satisfaction from year to year. But without consistent wording of questions, it is impossible for others to monitor an agency's performance over time. We think agencies can accomplish their purposes very well in the future by settling on a small number of standard questions of their choice, combined with commonly used categories of response.<sup>7</sup>

Finally, we recommend that:

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<sup>6</sup> *Minn. Stat.* §15.90.

<sup>7</sup> We would suggest the following response options: "very satisfied" (5), "somewhat satisfied" (4), "neither satisfied nor dissatisfied" (3), "somewhat dissatisfied" (2), and "very dissatisfied" (1). Also, respondents should have the opportunity to say they are uncertain or unable to rate the service in question.

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**Successful performance monitoring rests on good information.**

- **The Department of Finance, on behalf of the executive branch, should give state agencies stronger, clearer direction and training to accompany its next set of instructions for writing performance reports.**

The 1995 Legislature gave the Department of Finance an active role in ensuring that performance reports are accurate, reliable, useful, and complete. We perceive a need for stronger leadership, better coordination, and more guidance for state agencies, and we think the Department of Finance is in the best position to undertake these responsibilities. Among other things, we think that the department should provide agencies with regular, specific training in the proper use of performing reporting terms and help them in whatever way is necessary to meet the need for high-quality performance data.

## CONCLUSION

Although state agencies experienced numerous problems in conducting and presenting the results of customer satisfaction surveys in the 1994 performance reports, most of the problems were of a technical nature, which is not surprising nor indicative of willful distortion. In our opinion, the agencies need to develop better skills for conducting valid survey research and take greater responsibility for ensuring that performance data are reported accurately, reliably, and consistently.