



USDA Rural Development

Customer Survey Results

Survey Summary of four Rural Development Programs

1. Rural Housing's Single Family Housing Program – 86.5% in 2008
2. Rural Housings' Multifamily Housing Guarantee Lenders – 70% in 2010
3. Rural Utilities' Water and Environmental Programs – 75% in 2010
4. Rural Business' Business & Industry Guarantee Lenders – 81% in 2010

Contact Gary.Bojes@usda.gov with comments or suggestions

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Rural Utilities Service

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Customer Survey Results

Introduction to this Report's Survey Results:

- **Rural Housing has been doing Customer Surveys for the Past Six Years**

- Housing Summary Results are shown for 2008 in Slides 3 through 8
- Current Housing Surveys are in Progress for 2010

- **Rural Development Current Results**

(shown following Housing Summary starting on slide 9)

- Three RD Programs were Surveyed in 2010 by Federal Consulting Group from Department of Interior
 - Rural Housings' Multifamily Housing Guarantee Lenders
 - Rural Utilities' Water and Environmental Programs
 - Rural Business' Business & Industry Guarantee Lenders

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Rural Development Housing Customer Survey Project

Background

The Centralized Servicing Center (CSC) in St. Louis, Missouri, has surveyed Rural Development (RD), Single Family Housing Direct program borrowers (hereafter referred to as customers) in 2004, 2006 and 2008. The questionnaire was developed with input from partners in the field offices and other RD organizations and has been approved by OMB.

The purpose of the survey is to measure the movement of overall customer satisfaction as well as identify areas that require focused attention for improvement. The measurement of these components must be achieved using a consistent, reliable method which reveals action items that can be initiated to increase overall satisfaction.

The survey was administered via “USPS mail” and the results tabulated by a third party contractor. 6,000 customers were randomly surveyed containing 7% Spanish speaking preference customers, which reflects the demographics of the portfolio. The response rate was a very good 3,256 respondents or 54.3% which is consistent with past surveys.

Sections of the survey were measured either by a level of satisfaction or level of agreement using a 1 to 7 rating scale where 1 was least satisfied/strongly disagree and 7 was most satisfied/strongly agree. The scale was then converted to equate to 100%.

Executive Summary - 2008

By over a 3 to 1 margin, customers were highly satisfied with the ongoing servicing of their RD loan by CSC. The average overall customer satisfaction score was 86.5% and 92.7% for Spanish preference customers. This score has steadily increased with each survey

Compared to a similar survey regarding primary mortgage loan servicing conducted by JD Powers and Associates, RD/CSC out-performed the top-ranking company (83.9% average satisfaction) with a score of 86.5% average satisfaction.

Executive Summary - 2008

On average, 88.60% of the customers agreed that their payments are posted timely, adjustments due to escrow or subsidy are clearly explained and find the payment options offered (Interactive Voice Response System, Customer Initiated Payment by phone, Pre-authorized Debit) to be helpful.

Average Customer Satisfaction	87
Loan origination	87
Payment processing (timely, accurate)	91
Payment options (electronic, ease of use)	88
Monthly statements (ease, accuracy)	91
Payment adjustments (subsidy, escrow)	87

Executive Summary - 2008

Overall personal interaction with the customer scored very high with an average of 87.6% of the customers agreed that their calls were answered promptly and the representative was helpful and courteous.

Customer Service	84
Calls are answered promptly	82
Representatives are helpful and courteous	86
Representatives are knowledgeable	86
Problem resolution	81

High Impact Areas - 2008

Loan origination and first-time problem resolution were strong drivers in achieving a high level of satisfaction overall.

- The overall level of satisfaction with CSC when contacted regarding a problem is 80% when it is resolved the first time.
- A good customer experience at loan origination appears to have a positive affect on satisfaction with loan servicing.

Action Items for Improvement - 2008

- Provide customers the ability to access their RD loan via the Internet to include the ability to make their payment.
- Increase first call problem resolution.
- Simplify the Payment Assistance Renewal Process.
- Route routine payment calls to an automated source (e.g. , Interactive Voice Response System, Internet) which will increase the availability of resources to answer customer calls more efficiently.
- Customers want the ability to refinance high interest rate loans within the RD Single Family Housing loan program.



US Department of Agriculture Rural Development Satisfaction Results Briefing

July 2010

Welcome
to **Certainty**



CFI Group
Claes Fornell International

Project Background

- Questionnaires were developed through a collaborative effort between USDA and CFI for each of the three programs – Water Program and Environmental, Business and Industry, and Multifamily Housing.
 - Background questions (application history, familiarity with other programs, IT applications used, etc.)
 - ACSI/Customer satisfaction model
- Data were collected via e-mail from Feb 23 – Apr. 5, 2010.
 - Business and Industry :168 responses (8.5% response rate)
 - Water Program and Environmental :115 responses (20.4% response rate)
 - Multifamily Housing :14 responses (45% response rate)

Background Questions

Background questions: Executive Summary

- Most respondents found office communications to be timely, ranging from 88% for Water Program and Environmental to 84% for Business and Industry.
- It was rare for Water Program and Environmental respondents to have their application rejected – as only 9% did.
 - *For Business and Industry and Multifamily Housing rejections were more common with 35% and 36% of respondents rejected, respectively.*
 - *Although it was rare for Water Program and Environmental respondents to have their application rejected, in 60% of the rejections the respondent was eligible but funding was not available.*
 - *That was not the case with Business and Industry respondents. Only 3% of those rejected were eligible but funding was not available.*

Background questions: Executive Summary

- About two-thirds of Water Program and Environmental plan to apply again in the future. Business and Industry Program respondents were most likely with 89% planning to apply again.
- About two-thirds (65%) of Water Program and Environmental recommended the program to others. Slightly more Business and Industry and Multifamily Housing respondents (71%) recommended the program.
- Usage of IT Applications was relatively low.
 - *Among Business and Industry respondents only 15% used LINC and 20% use Pay.gov. For Multifamily Housing respondents half of the 14 respondents used Pay.gov and 29% used LINC.*

Background questions: Executive Summary

- Familiarity with other Rural Development Programs was somewhat low for all three programs.
 - *For Water Program and Environmental respondents, only 16% were familiar with Business and Industry programs and 13% were familiar with Multifamily Housing programs.*
 - *Among Business and Industry Programs, most were familiar with Single Family Housing Programs (73%) but there were no other programs where at least 15% were familiar.*
 - *Although it was a small sample, two-thirds of Multifamily Housing participants were familiar with Business and Industry programs and 79% were familiar with Single Family Housing programs.*
- Just under half (48%) of the Water and Environment Program participants serve hard to finance areas, while only about one-quarter (26%) of Business and Industry respondents do. Half of the fourteen Multifamily Housing respondents serve hard to finance areas.

Overview of Results

Executive Summary

Satisfaction is above government average for all 3 programs.

- Satisfaction as measured by the ACSI shows that for each of the three USDA Rural Development Programs, customer satisfaction exceeded the federal government average (69).
- Business and Industry respondents were the most satisfied of the three programs (81), this was followed by Water Program and Environmental (75) and Multifamily Housing (70).

Customer Service was rated as a strength for all of the programs. In particular, Water Program and Environmental, and Business and Industry had ratings in the high 80s for this area.

Application and Loan Process, and Information and Communication were strong drivers of satisfaction for both - Water Program and Environmental, and Business and Industry.

Executive Summary

For Water Programs, Customer Service was also a key driver of satisfaction.

For Business and Industry, the profitability/marketability of the loans was a key driver.

Note: For Multifamily Housing impacts were not calculated because of the small universe and sample size.

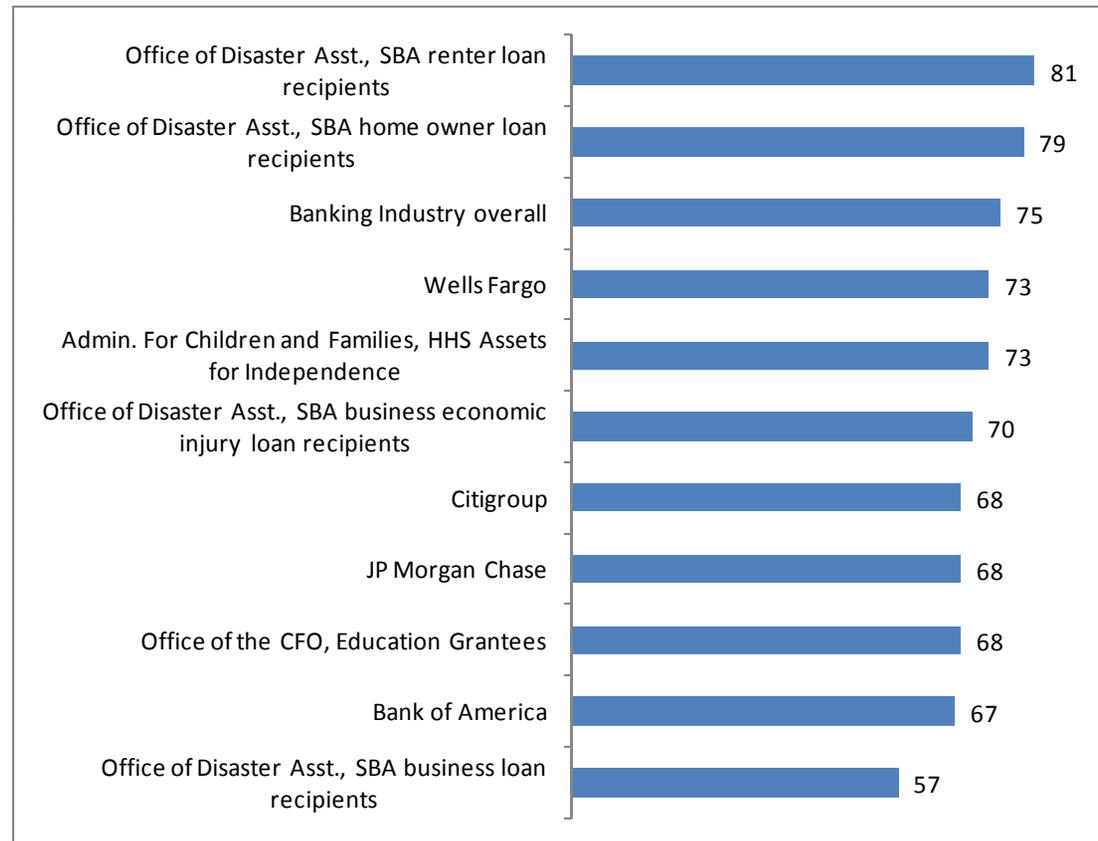
Satisfaction Indices

Business and Industry Program has highest satisfaction

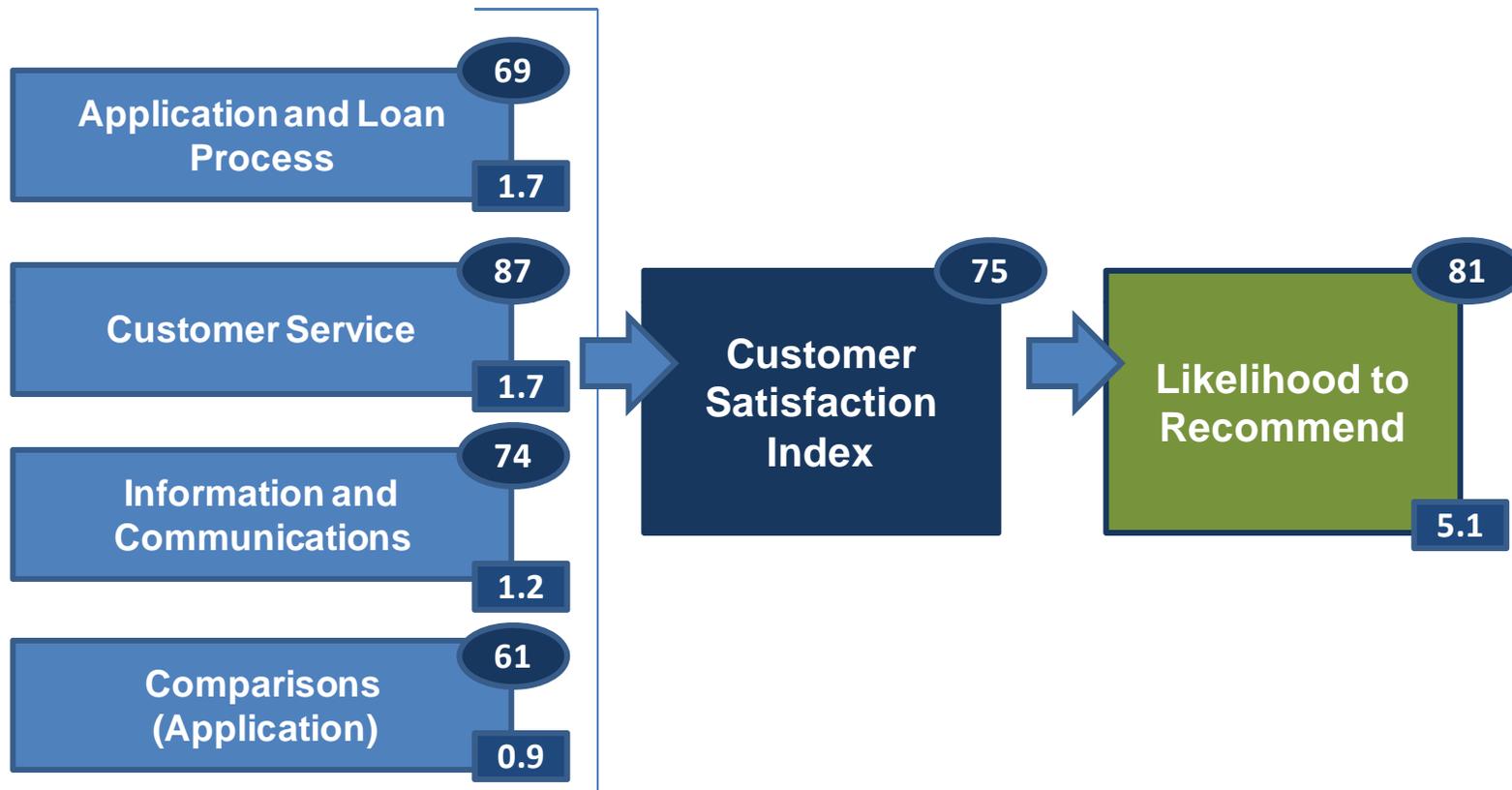
	Water Program and Environmental	Business and Industry	Multifamily Housing
Customer Satisfaction Index	75	81	70
Overall Satisfaction	77	81	71
Satisfaction compared to expectations	75	80	69
Satisfaction compared to ideal	73	80	69
Sample Size	115	168	14

Benchmarks: Loans/Financial Services

- USDA RD programs compare favorably to other federal government Loan/Financial Services programs.



2010 Customer Satisfaction Model *Water Program and Environmental*



High Impact Areas

Application and Loan Process

- Terms are clear, status is communicated well but submitting loan application is burdensome.

	2010 Score
Application and Loan Processes	69
Ease of submitting application - Direct	49
Communication regarding the status of your application	75
Timeliness of decision	70
Clarity of terms of the loan	75

- Compared to other programs the application process is slightly easier.

Application process compared to other programs	61
Compare to other agencies	61

High Impact Areas

Customer Service

- Customer Service is a strength. Reps are professional, knowledgeable and responsive.

	2010 Score
Customer Service	87
Courtesy and professionalism of the USDA representative	90
Knowledge of USDA representative	87
Ability to answer your questions	86
Timeliness of response	84

Moderate Impact Areas

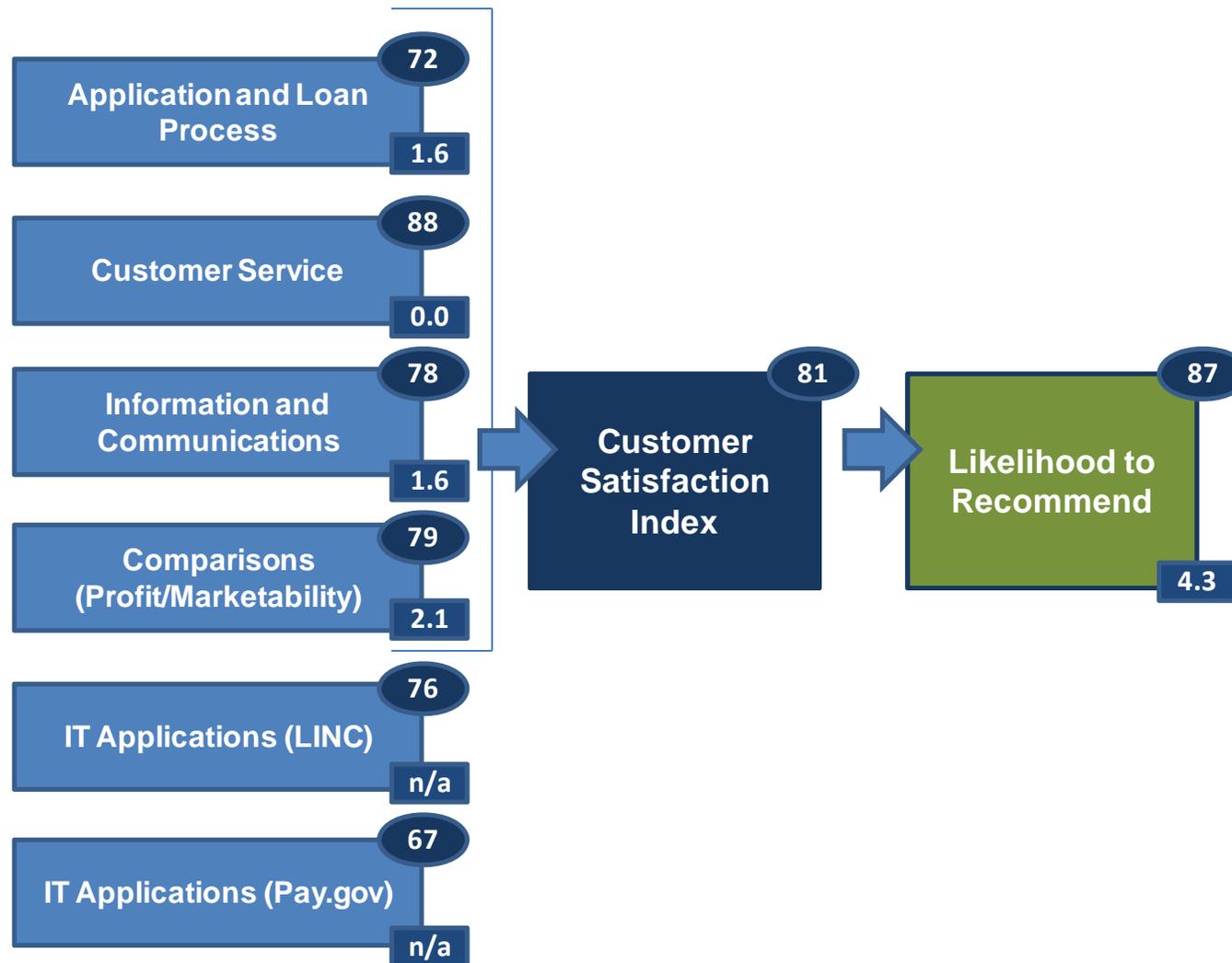
Information and Communications

- Information is relatively easy to access and understand.

	2010 Score
Information and Communications	74
Ease of accessing information	76
Ease of understanding	73

2010 Customer Satisfaction Model

Business and Industry



High Impact Areas Profit/Marketability

- Impact on satisfaction is 2.1.
- Compared to other programs loans are relatively easy to explain, easy to sell in secondary market and profitable.

Comparisons to other programs	79
Profitability of product compared to others	77
Ease of selling in secondary market	81
Loan program being easy to explain	81

High Impact Areas

Application and Loan Processes, Information and Communications

- Both areas have impact of 1.6 on satisfaction.
- Timeliness of underwriting process and decision opportunities for improvement.

Application and Loan Process	72
Ease of explaining program to loan recipient	79
Ease of submitting application - Guaranteed	70
Timeliness of underwriting process	69
Timeliness of decision process	69
Required reporting for loan servicing	72

- Information and Communications are accessible, understandable and info on changes is timely.
- State offices were responsive with consistent communications between state and local offices.

Information and Communications	78
Ease of accessing information	78
Ease of understanding	78
Information on changes being available in a timely manner	76
Responsiveness of state offices	80
Consistency of communications	77

Low Impact Areas Customer Service

- Impact of 0.0 does not mean customer service is not important.
- Customer Service is a strength. Reps are professional, knowledgeable and responsive. State offices are also highly responsive.

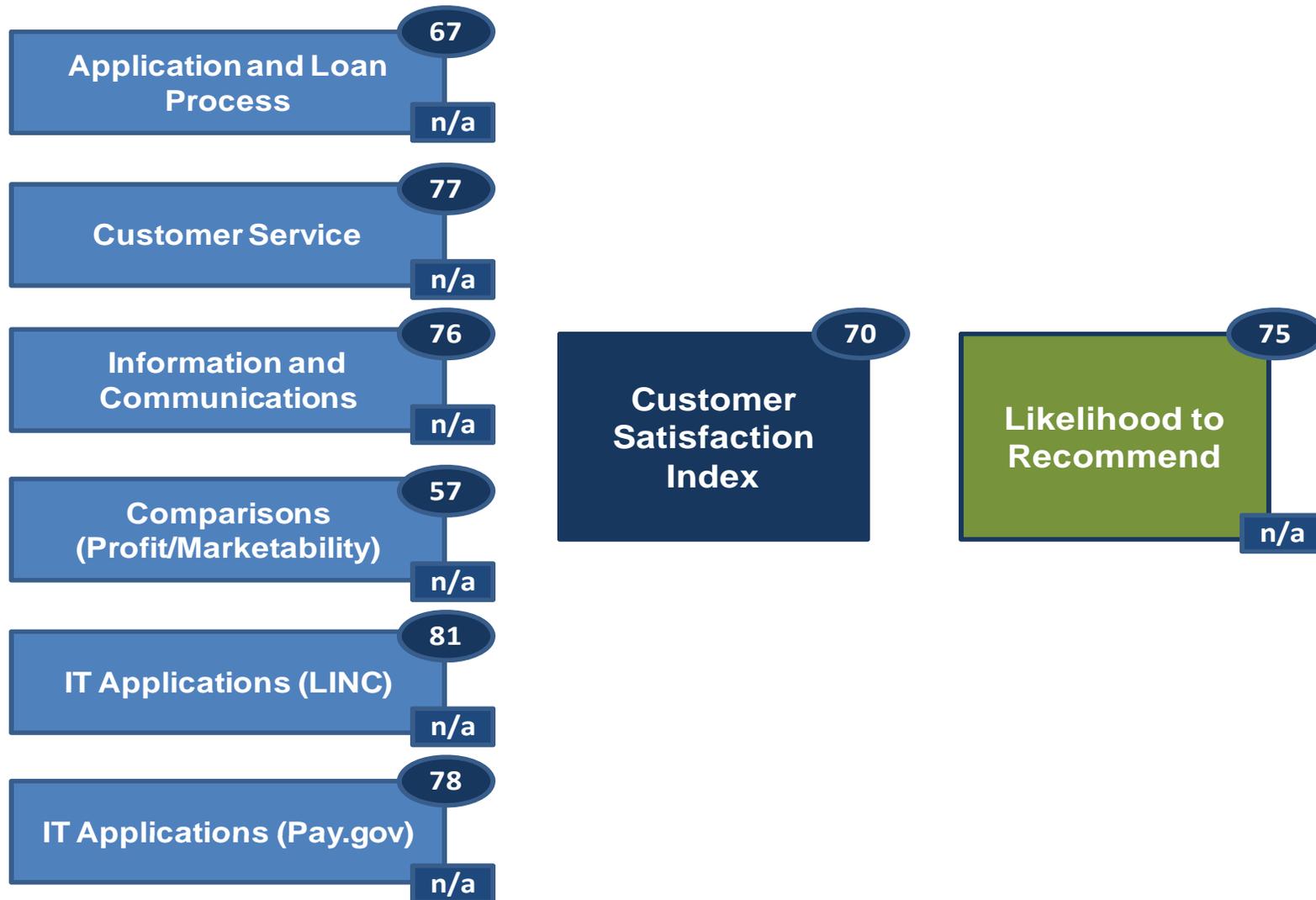
Customer Service	88
Courtesy and professionalism of the USDA representative	90
Knowledge of USDA representative	88
Ability to answer your questions	88
Timeliness of response	85
Responsiveness of state offices	89

- Users of LINC found the application for the most part easy to use and functional.
- Pay.gov did not receive quite as strong ratings for ease of use and functionality.

IT Applications - LINC	76
Accessibility of system	77
Ease of using system for reporting	76
Functionality of system	75
IT Applications - Pay.gov	67
Accessibility of system	67
Ease of using system for making payments	67
Functionality of system	67

2010 Customer Satisfaction Model

Multifamily Housing



Higher Rated Areas IT Applications

- LINC and Pay.gov rated highly for accessibility, ease of use and functionality.

IT Applications - LINC	81
Accessibility of system	81
Ease of using system for reporting	81
Functionality of system	81
IT Applications - Pay.gov	78
Accessibility of system	78
Ease of using system for making payments	78
Functionality of system	78

Higher Rated Areas Customer Service, and Information and Communication

- Customer service rated highest for courtesy and professionalism. Knowledge and responsiveness areas score well but may be an opportunity to improve – especially for state offices.

Customer Service	77
Courtesy and professionalism of the USDA representative	85
Knowledge of USDA representative	75
Ability to answer your questions	76
Timeliness of response	77
Responsiveness of state offices	73

- Information rated highest for accessibility and timeliness. Consistency and being easier to understand may be opportunities to improve.

Information and Communications	76
Ease of accessing information	84
Ease of understanding	71
Information on changes being available in a timely manner	79
Responsiveness of state offices	76
Consistency of communications	73

Lower Rated Areas

Application and Loan Process, and Comparisons to other programs

- While the loan program is relatively easy to explain, the application submission process is somewhat difficult. Reporting for servicing is somewhat burdensome and timeliness of underwriting and decision processes could be areas for improvement.

Application and Loan Process	67
Ease of explaining program to loan recipient	78
Ease of submitting application - Guaranteed	62
Timeliness of underwriting process	67
Timeliness of decision process	65
Required reporting for loan servicing	62

- Relative to other programs, Multifamily Housing is easy to explain. With respect to selling in secondary market and profitability – it is on par with other programs .

Comparisons to other programs	57
Profitability of product compared to others	51
Ease of selling in secondary market	58
Loan program being easy to explain	67

Recommendations

Recommendations

It is recommended to focus on the areas that have the most impact on customer satisfaction and are lower scoring.

- For Water Program and Environmental, the Application and Loan Process is a high-impact, and relatively low scoring area.
 - *Improving the ease of submitting the application should be a high priority. With a score of 49, respondents indicated that submitting the application is a problematic area.*
- For Business and Industry, the marketability and profitability of the loans was a key driver. This area was rated highly with respondents finding the loans to be easy to sell in the secondary market compared to other loans, and easy to explain.
 - *Rather than focusing on this higher-performing area, USDA RD should focus on the high-impact, lower-scoring area of Application and Loan Process. In particular, ease of submitting an application was among the lower scoring items for this area.*
 - *Timeliness of both the underwriting process and decision process should be areas for focus.*

Recommendations

- Maintaining the current performance should be the objective for Customer Service for all three USDA RD programs as the area of Customer Service was a strength across all programs.
 - *Respondents found the representatives to be courteous, professional and knowledgeable. Responses were provided in a timely manner.*
- Information and Communications from USDA RD programs is another area to maintain current performance.
 - *Program Information and Communications are rated as being accessible, understandable and timely.*
 - *Business and Industry respondents find that state offices are responsive and communications between state and local offices were consistent.*

Recommendations

- While there were no impacts calculated for Multifamily Housing, the focus for this program should be on the lower scoring areas in order to improve customer satisfaction.
 - *For the Application and Loan Process, the ease of submitting the application, required reporting and timeliness of decision process may be areas to address.*
 - *The profitability and ease of selling the loan in the secondary market were among the lowest scoring areas for the Multifamily Housing loan. Improving these areas may also drive customer satisfaction.*

Appendix

Water Program and Environmental

Location from Office

- For 39% of respondents driving time to the nearest lender or Rural Development Office was at least one hour or more, while for about one-third (34%) driving time was under 30 minutes.

Rate increase

- For four-fifths (80%) of respondents the last rate increase was relatively recent, within the past 3 years.

Assistance

- Thirty-nine percent (39%) of respondents received no-cost assistance from Rural Water Associates, while only 10% mentioned receiving assistance from Rural Community Assistance Partnership.

Communication

- Most (88%) respondents thought the USDA RD Office communicated with them in a timely manner about their application.
- Nearly all of the respondents (99%) had contact with a representative of the USDA Rural Development program in the past year.

Water Program and Environmental

Applications

- Only 9% of respondents had applied in the past for a Rural Development program loan and been rejected. *Of those 9% who were rejected, in 60% or 6 of the 10 cases the applicant was eligible but funding was not available.*
- Two-thirds (66%) of the respondents plan to apply again in the future, while one-quarter (25%) don't know whether they will apply again.

Internet

- Most of the respondents have high speed and/or wireless access to the Internet. Three-quarters (76%) of the respondents had high speed/cable/DSL Internet access, 17% had wireless; only 4% were using dial up.

Service

- About half (48%) of the respondents serve hard to finance areas such as persistent poverty and tribal.

Familiarity with other RD programs

- Other than Water and Environmental Programs, Community Facilities Program (37%) had the most familiarity among respondents.

Business and Industry

Location from Office

- For just over one-quarter (27%) of respondents the nearest Lender or Rural Development office is at least a one hour drive away. For 42% of respondents the nearest office was less than 30 minutes away.

Loan Process

- Only 17% of business and industry respondents lost a loan because the process took too long.

Communication

- Most respondents (91%) had contact with a representative of the USDA RD program in the past year.
- Most respondents (84%) thought the USDA RD office communicated with them on application items in a timely manner.

Applications

- Just over one-third (35%) of Business and Industry applicants had their application rejected. For most respondents (93%) who were rejected availability of funding was not an issue.
- Most respondents (89%) do plan to apply to the USDA RD program again in the future.

Business and Industry

IT Applications

- With respect to applications for reporting loan status, only 15% of respondents use LINC and only 20% use Pay.gov.

Internet

- Nearly all (93%) Business and Industry respondents have either high speed/cable/DSL or wireless access to the Internet. Only 5% reported they had no Internet access.

Secondary Markets

- For 63% of respondents, secondary markets are used to sell Development loans. Only 14% make loans to business cooperatives.

Service

- About one-quarter (26%) of respondents serve hard to finance areas.

Familiarity with other RD programs

- Single Family Housing programs had the highest rate of familiarity (73%) among Business and Industry respondents

Multifamily Housing

Location from Office

- For half (50%) of the Multifamily Housing participants the approximate drive time to the nearest lender or Rural Development office was less than 30 minutes. For 35% of the respondents drive time was at least one hour or more.

Loan Process

- Only 21% of the respondents lost a loan because the process took too long.

Communication

- For the most part, Multifamily Housing participants (86%) thought the RD office communicated with them in a timely manner on their application.
- Nearly four-fifths (79%) of the Multifamily Housing respondents contacted a representative from the USDA RD program in the past year.

Multifamily Housing

Applications

- Only 36% of respondents had their application rejected and of those in 40% of the cases they were eligible but funding was not available.
- Most (71%) Multifamily Housing respondents plan to apply again in the future.

IT Applications

- With respect to IT applications used, 29% used LINC and 50% used Pay.gov.

Familiarity with other RD programs

- Half (50%) of the respondents were familiar with the Community Facilities Program and 64% were familiar with Business and Industry Programs.

A Note About Score Calculation

Attributes (questions on the survey) are typically answered on a 1-10 scale

- Social science research shows 7-10 response categories are optimal
- Customers are familiar with a 10 point scale

Before being reported, scores are transformed from a 1-10 to a 0-100 scale

- The transformation is strictly algebraic; e.g.

Orig. (1-10)	Trans. (0-100)
1	0
2	11.1
3	22.2
8	77.8
9	88.9
10	100

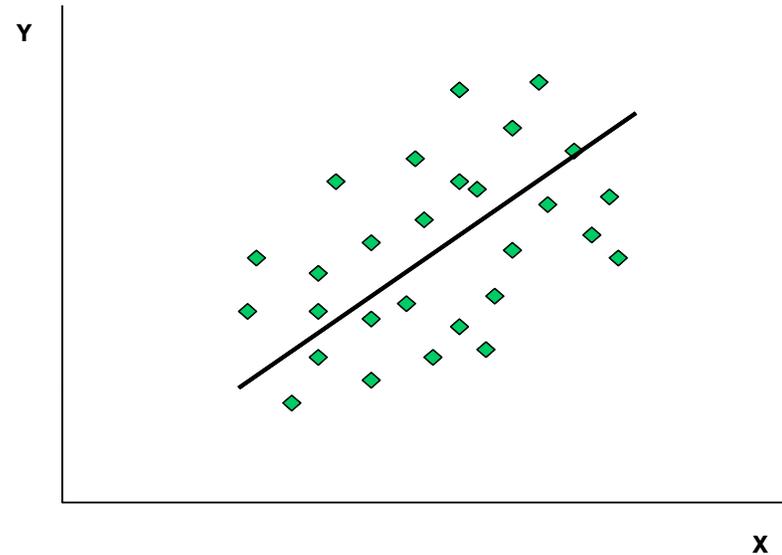
- The 0-100 scale simplifies reporting:
 - Often no need to report many, if any, decimal places
 - 0-100 scale is useful as a management tool

Deriving Impacts

- Remember high school algebra? The general formula for a line is:

$$y = mx + b$$

- The basic idea is that x is a “cause” and y is an “effect”, and m represents the slope of the line – *summarizing the relationship between x & y*
- CFI Group uses a sophisticated variation of the advanced statistical tool, Partial Least Squares (PLS) Regression, to determine impacts when many different causes (i.e., quality components) simultaneously effect an outcome (e.g., Customer Satisfaction).





Thank you

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