



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

ORDER

DOT 5000.2A

5-25-89

Subject: **DEPARTMENT OF TRANSPORTATION PRODUCTIVITY AND QUALITY
IMPROVEMENT PROGRAM**

1. PURPOSE. This Order establishes policy and procedures, including organizational responsibilities, for implementing and reporting on the Department of Transportation's (DOT) Productivity and Quality Improvement Program.
2. CANCELLATION. This Order cancels DOT 5000.2, Department of Transportation Management and Productivity Improvement Program, dated February 6, 1987.
3. REFERENCES.
 - a. Executive Order 12637, Productivity Improvement Program for the Federal Government, dated April 27, 1988.
 - b. OMB Circular A-11, Preparation and Submission of Budget Estimates, Section 41.2, Productivity Improvement Program, which is revised annually.
 - c. OMB Circular A-132, Federal Productivity and Quality Improvement in Service Delivery, dated April 22, 1988.
4. POLICY. It is Departmental policy to:
 - a. Make continuous, incremental improvements in the quality, timeliness, efficiency, and delivery of Government services for all appropriate DOT programs.
 - b. Foster a commitment by DOT officials, program managers and employees to improve productivity and quality throughout the Department.
 - c. Establish reliable productivity measurement systems which can be used to monitor, track, and report periodically on productivity and quality improvement efforts throughout the Department.
 - d. Integrate productivity and quality improvement data in program and budget decisions.
5. BACKGROUND. Executive Order 12637 establishes a Government-wide program to improve the quality, timeliness, and efficiency of services provided by the Federal Government. The Office of Management and Budget (OMB) Circular A-132

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provides guidelines for the development and implementation of a productivity and quality improvement process in the executive departments and agencies. The Circular requires each affected agency to implement a productivity and quality improvement process, and to submit annually to OMB a plan for adding new agency program functions until all program functions are incorporated in the productivity improvement program. This plan is to be developed as an integral part of the agency's normal planning process, and reflected in the agency's budget submission. OMB Circular A-11, revised, includes specific requirements for the productivity function descriptions to be included in the plan.

6. DEFINITIONS. OMB Circular A-132 provides the following definitions in relation to productivity and quality improvement:
 - a. Customers. Those outside the program function receiving the services or products.
 - b. Productivity. The efficiency with which resources are used to provide a Government service or product at specified levels of quality and timeliness.
 - c. Productivity Improvement. A decrease in the unit costs of products or services delivered to the public, while maintaining specified standards of quality and timeliness.
 - d. Quality. The extent to which a product or service meets customer requirements and is fit for use.
 - e. Quality Improvement. An increase in the conformance of a product or service to requirements or specifications, and thus in the capability of a product or service to meet customer expectations.
 - f. Program Function. Those mission-related activities providing services to customers, and having activities that are sufficiently repetitive that they can be measured. Program functions to be targeted for productivity and quality improvement were identified in the agency's program inventory, a list of functions prepared by agencies during 1986 and approved by OMB during 1987.
 - g. Outputs. Final products produced or services delivered.

- h. Inputs. Costs of resources used to produce outputs. These include: (1) salaries and benefits of all employees who directly or indirectly produce the outputs, including managerial, professional, technical, and clerical workers of relevant divisions; (2) amortized capital expenses, i.e., costs of hardware, software, buildings, machinery, vehicles, etc.; and (3) all other costs, such as non-capital contracts, direct material, rent, ADP system maintenance, telecommunications, supplies, travel, training, etc.
- i. Unit costs. The cost of producing one item of a product or providing one unit of service. Unit costs are determined by dividing the total dollar value of inputs by the total number of outputs.

7. RESPONSIBILITIES.

- a. The Assistant Secretary for Administration is the senior Departmental official responsible for the DOT Productivity and Quality Improvement Program. In this capacity, the Assistant Secretary shall:
 - (1) Encourage top-level support and commitment, by promoting productivity and quality at activities such as senior staff meetings, conferences, seminars, SES Forums, training opportunities, and award ceremonies.
 - (2) Provide program support to line officials through the pursuit of such efforts as establishing or supporting productivity investment funds, programs to identify and reduce barriers to productivity, and full use of the assistance available from the Federal Quality Institute.
 - (3) Review and evaluate initiatives in program functions submitted by Secretarial Officers and Heads of Operating Administrations and identify those program functions which will be included in the Productivity and Quality Improvement Plan to be submitted to OMB.
 - (4) Evaluate productivity and quality improvements achieved to ascertain whether similar improvements can be made by other DOT organizations.

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- (5) Establish guidelines for performance awards and other incentives related to the DOT Productivity and Quality Improvement Program.
 - (6) Report to the Secretary and Deputy Secretary on the status of Departmental productivity and quality improvement initiatives.
 - (7) Submit the annual Departmental Productivity and Quality Improvement Plan to OMB, assuring its consistency with the Department's budget request to OMB.
- b. The Assistant Secretary for Budget and Programs shall coordinate with the Assistant Secretary for Administration to assure consistency between budget planning and productivity and quality improvement initiatives. This may include:
- (1) Reviewing the Productivity and Quality Improvement Plan to ensure that it meets the requirements of OMB Circular A-11, Revised, Preparation and Submission of Budget Estimates, and that information provided for this Circular's Exhibit 41B is consistent with appropriate budget data.
 - (2) Providing guidance on the use of productivity and quality improvement data in the development and support of budget estimates and decisions.
 - (3) Ensuring that productivity and quality measurement data are used in budget planning.
- c. Heads of Operating Administrations and Secretarial Officers are the senior officials responsible for productivity and quality improvement programs within their respective organizations. In this capacity they shall:
- (1) Direct the development and implementation of programs of structured productivity and quality improvements within their organizations.
 - (2) Evaluate the effectiveness of their respective Productivity and Quality Improvement Programs.
 - (3) Ensure that productivity and quality data are used in the development and support of budget estimates and resource allocation decisions.

- (4) Monitor the productivity and quality improvement efforts falling within their areas of responsibility.
- (5) By April 20 of each year, provide the Assistant Secretary for Administration with data and narrative information on new functions to be included in the Productivity and Quality Improvement Plan to be developed in conjunction with the budget. Data and narrative information should follow the instructions in OMB Circular A-11.

8. REPORTING SYSTEM. DOT must report: quarterly, semi-annually, and annually to OMB:

- a. Quarterly Reports. Reporting on program functions where plans have been submitted to OMB is on an exception basis. Normally no report on a program function is necessary unless specifically requested by OMB or OST. The report consists of a brief narrative stating significant actions taken during the reporting quarter. These reports are due to the Assistant Secretary for Administration on December 10, March 10, June 10, and September 10. The March 10 and September 10 quarterly reports should be combined with the semi-annual reports due at the same time.
- b. Semi-annual Report. Each Operating Administration, and other organizations as appropriate, shall prepare a brief narrative on overall productivity and quality management, stating significant actions taken and results of actions during the past 6 months and activities planned for the next 6 months. These reports are due to the Assistant Secretary for Administration on March 10 and September 10. Both actions completed and planned should relate to some or all of the indicators listed below:
 - (1) Top management commitment to quality/productivity shown in practical management actions.
 - (2) Quality and productivity training provided at all levels.
 - (3) Accountability for quality and productivity improvement tied to managers' performance appraisals.

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- (4) Productivity and quality measures developed and standards set for program functions.
 - (5) Elimination of barriers to productivity and quality improvement.
 - (6) Employee recognition and incentive programs established throughout the agency.
- c. Annual Report. Each year, DOT will forward an annual productivity report to OMB, covering the prior fiscal year's achievements. Reporting covers those functions included in the Government-wide program, and optional descriptions of other significant productivity and quality improvement efforts. This report is due from Heads of Operating Administrations and Secretarial Officers to the Assistant Secretary for Administration on November 15. Information submitted for this report must also be signed by the program manager for the function and the appropriate financial officer.

FOR THE SECRETARY OF TRANSPORTATION:



Melissa J. Allen
For the Assistant Secretary
for Administration