

The background of the slide is an aerial photograph of a complex highway interchange. The roads are surrounded by dense trees with vibrant autumn foliage in shades of red, orange, and yellow. A semi-transparent white box is overlaid on the center of the image, containing the main title.

Colorado Department of Transportation: Making Budgeting and Planning More Efficient and Transparent



Executive overview

Organization

Vision

Why SAP

Solution

Benefits

Organization

Colorado Department of Transportation

Industry

Public sector

Products and Services

Construction and maintenance of state roads and bridges

Web Site

www.coloradodot.info

SAP® Solutions

SAP® Public Budget Formulation application



As taxpayers demand more information on how their money is used and what public benefit they receive in return, state agencies must make **budgeting and planning processes more efficient** and transparent. They must also be able to measure spending outcomes against specific performance goals. The SAP® Public Budget Formulation application gives the Colorado Department of Transportation the industry-specific tools it needs to make budget and planning decisions more effective and transparent.

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Colorado Department of Transportation

With an annual budget of more than US\$1.2 billion, the Colorado Department of Transportation (CDOT) is responsible for keeping nearly 10,000 miles of highway and 3,500 bridges safe and in good condition. The department also works with various partners to maximize and expand state roadways as needed.

In addition, CDOT oversees aviation throughout the state, including improvements to local airports. It also supports state transit systems and provides funds to local law-enforcement agencies to discourage drunk driving and encourage the use of seat belts.

About two-thirds of CDOT's funding comes from federal and state gas taxes. Vehicle registration fees, aviation fees, local funds, and transit and rail revenues help to make up the rest. CDOT uses about 40% of this revenue for highway construction projects and another 25% for highway maintenance and traffic operations. In addition to repairing, plowing, sanding, and deicing the state's roads, CDOT monitors more than 275 avalanche paths and handles avalanche mitigation and cleanup.

Colorado ranked ninth among U.S. states in population growth between 2000 and 2010, with an increase of 16.9%. Vehicle miles traveled increased by 55% from 1990 to 2009. Another increase of 64% is expected by 2035.



64%

Projected increase in state highway miles traveled by 2035



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Managing budget data more effectively

CDOT had previously implemented an earlier SAP product for business planning and simulation to manage its budget. Developed for the private sector, the software did not fully align with certain public sector budgeting processes.

Despite substantial customization of the original software, CDOT had to rely on multiple manual processes and Microsoft Excel spreadsheets to prepare its budgets. The budgeting process was especially labor intensive and time consuming with respect to personnel costs. Further problems arose because the department could not automatically link performance data created in other solutions to its budget and could not provide information at the level of detail it wanted.

“When standard SAP support was no longer available for the business planning and simulation software, we sought a standard solution for public sector budgeting,” says Patricia Saffo, manager of the planning and budget team of CDOT’s Office of Financial Management and Budget.

CDOT also wanted a user-friendly, Web-based solution that could integrate with existing implementations of the SAP ERP and SAP Supplier Relationship Management applications and make it easier for users to manipulate the master data.

“In addition, we wanted a flexible solution that would simplify our reporting process and readily accommodate continuous legislative and regulatory changes,” Saffo notes.

“The State of Colorado has asked all agencies to make processes more efficient, effective, elegant, and transparent. We are now closer to achieving those goals.”

Patricia Saffo, Manager of the Planning and Budget Team, Office of Financial Management and Budget, Colorado Department of Transportation



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Specific support for public sector budget processes

SAP Public Budget Formulation supports the full budget development and management lifecycle, providing a single version of the truth for budgets. The Web-based application integrates with existing enterprise software and provides robust planning tools to help budget analysts focus on decision support rather than on managing data from disparate sources. It helps to automate data analysis and eliminate the time-consuming process of collecting data.

With SAP Public Budget Formulation, CDOT found both functionality specific to public sector budgeting and integration with existing SAP software that would automate inclusion of performance data into its budgets and plans. The application's processing and approval chain helps enhance user security while letting process owners readily modify organizational structures and master data as they require.

"SAP Public Budget Formulation meets most of our needs with standard software," says Saffo. "At the same time, we can change its configuration as needed."

CDOT implemented and then upgraded SAP Public Budget Formulation for 10 new budgeting processes – migrating previous and current data from the earlier software. In addition to its annual budget process, SAP Public Budget Formulation supports processes for revenue forecasts, resource allocation, a state-wide transportation improvement program, maintenance levels of service, performance measurement, long-range planning, and strategic planning.

"We can do everything we did with the earlier business planning and simulation software – and more."

Patricia Saffo, Manager of the Planning and Budget Team, Office of Financial Management and Budget, Colorado Department of Transportation



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Performance-based budgets with greater detail and flexibility

With SAP Public Budget Formulation, CDOT has automated its annual budget process, using forms created in this application for budget formulation and execution. CDOT still uses Excel as a tool but now has a true budget-preparation product to support its processes.

Web-based functionality supports a self-service portal where employees can enter their time and other information. Approvals of decision items, once managed manually with spreadsheets, are now centralized and automated; and reporting and auditing have been streamlined.

“We can compare performance goals and outcomes without the spreadsheets, e-mails, phone calls, and meetings we needed before and can use our results in multiple reports,” Saffo notes. “We can also more readily change measurements or add new ones.”

CDOT uses its own model for revenue forecasting and then uploads data into SAP Public Budget Formulation. The new software has helped CDOT create revenue categories that are more detailed and can readily inflate or deflate estimates as needed.

Using SAP Public Budget Formulation, CDOT can integrate revenue forecasts into its resource allocation processes. The software has automated allocations to mandatory federal programs and state planning regions and lets CDOT adjust program distribution formulas and percentages.

Used by planners and business managers at 10 sites throughout the state, the software supports a federally mandated statewide improvement program (STIP). CDOT can calculate budget constraint by region, program, and fiscal year against program budgeting pools and link program information with statewide long-range planning. It also supports annual updates of a five-year strategic plan required under Colorado law.



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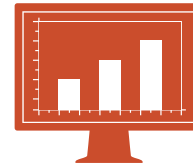
Benefits

Greater visibility for managers and taxpayers

“The user-friendly and flexible support provided by SAP Public Budget Formulation has helped us significantly enhance our budgeting and planning processes and give internal and external stakeholders greater transparency into those processes,” says Saffo. “Both department managers and Colorado taxpayers can more easily see how transportation spending changes from one year to the next and why those changes occur.”

Data is centralized and more consistent, she notes. With less effort required for data management, budget analysts have more time to run what-if scenarios and other analyses that will help CDOT achieve its performance goals. Better data management has also saved CDOT money by reducing the need for outside consultants.

CDOT has collaborated with SAP to identify new enhancements for the product. With its recent upgrade, CDOT will explore other budgeting innovations it can use with SAP Public Budget Formulation. CDOT and other customers have also worked with SAP on technical innovations involving mobile technology and powerful analytical capabilities.



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Reports generated
using SAP Public
Budget Formulation



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