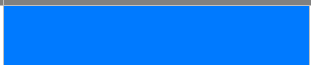
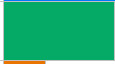



GBAnalytic #15: Rolling Forecasts

GBAnalytic #15 focused on rolling forecasts. Rolling forecasts are tools and reports that are dynamic and regularly updated throughout the forecast period (could be 12, 24, 36 months) and reflect specific business drivers, such as year-to-date performance, current market conditions, etc., which are all used to help project future performance and planning. The survey opened in April 2023 and was sent to all GBA members, and it closed in May. There were sixty-six responses submitted to the survey. Thirty-five respondents indicated their school in their response to the survey. It was not required to list your school when submitting survey data.




Are you responding on behalf of your institution or your department?

(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Institution						66.7%	44
Department						24.2%	16
There are no differences between our departments and our institution						9.1%	6
Responses							66

Have you implemented a rolling forecast process?

(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Yes						15.2%	10
No						57.6%	38
No, but we are planning to in the next two years						27.3%	18
Responses							66

Of the 38 schools that answered ‘No’, there were two schools that don’t have traditional rolling forecasts at the medical school but do utilize rolling forecasts in some capacity. These two schools responded to the additional questions in the survey. For one school: “We use a zero based budget method. We do a 10 year forecast projection annually for our endowment.” For the other school: “The university and health system are separate entities. The university does a forecast to the fiscal year on a quarterly basis. The health system does not do a rolling forecast but has started discussing it but won’t start for 2+ yrs to look at software. [...] The campus does a rolling forecast that is rolled out to the Medical School Dean’s Office but the health system does not but wants to in the future.”

For participants that selected “no” to the above question, they were asked to provide additional information as to why they haven't yet implemented a rolling forecast.

Responses

We forecast by fiscal year

have not had the time

Financial systems are not nimble enough.

Other data analytic priorities

we are still maturing our budgeting process

Lack of programming capacity and pending changes in financial systems

It is not where I have my focus or specialty. Perhaps done more by our finance group than HR

My assessment is that the premise of a rolling-forward f/c is undervalued and considered "too much work."

It is not the practice of the University

Since we operate on a fiscal year, we complete our budgets, then prepare monthly year-end projections based on YTD totals and our estimates as to future period figures. This is done monthly.

Too much change in the last few years with COVID\staffing turnover in institution and in finance

Just using FY-based forecast, but interested in knowing more about rolling forecast.

decentralized model with varying department needs. It is a relevant topic and area of interest.

Current staffing levels do not allow for this project

Changing leadership hasn't given this a priority

Multiple systems that don't talk to each other

Currently update our year-end projection with each new month of actuals. Find that to be sufficient for estimating current year. The following year's budget is tied to July 1 changes (comp, benefits, student #s, grants) that generally occur 7/1.

Would need to investigate if school could run rolling forecast parallel to overall college budget process and financial reporting

Due to the complexities of our systems and availability of resources, we have not implemented a rolling forecast.

Systems are not well integrated at my institution making rolling forecasts a challenge

Am new to the department, the institution does not ask for one.

Have not implemented anything consistently across the SOM

State University maintains annual budget system which would still need to be developed annually so rolling forecast would result in additional work for administrators who are already stretched thin

Rigid annual budget cycle, software/data limitations, time constraints of staff to create/maintain, lack of leadership interest

What budget software do you use for your rolling forecast? You may select more than one option.
(Respondents were allowed to choose multiple responses)

Response	20%	40%	60%	80%	100%	Frequency	Count
Anaplan						0.0%	0
Onestream						0.0%	0
Oracle						16.7%	2
Workday						16.7%	2
Strata						8.3%	1
Excel						58.3%	7
Axiom/Kaufman Hall						8.3%	1
Other						16.7%	2
We do not currently use budgeting software						0.0%	0
Responses							12

Of the seven schools that selected “Excel”, three schools used Excel for institutional rolling forecasts; three schools used Excel for departmental rolling forecasts; and at one school, there was no difference between departmental and institutional rolling forecasts.

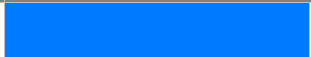



If you selected more than one software above, please indicate how you use each software.

Responses

Axiom is the current budgeting mechanism, Oracle is future state and Excel is used to format different sets of data outside of the reports provided by either system.

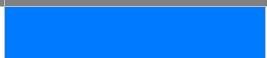
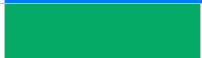

The university and the health system are separate entities and use separate instances of Oracle. The campus does a rolling forecast that is rolled out to the Medical School Dean's Office but the health system does not but wants to in the future. The Medical School does the rolling forecast with input from select departments that would have more material changes but doesn't roll this out to the departments to do the entry.

Which mission(s) do you incorporate an all-funds budget? Select all that apply.
(Respondents were allowed to choose multiple responses)

Response	20% 40% 60% 80% 100%	Frequency	Count
Clinical		66.7%	8
Research		91.7%	11
Academic		100.0%	12
Other		16.7%	2
Responses			12

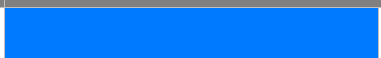


Other: Foundation, Health Plan; General Admin

In order to implement your rolling forecast, did you need to hire additional personnel in any of the following areas? Select all that apply.
(Respondents were allowed to choose multiple responses)

Response	20% 40% 60% 80% 100%	Frequency	Count
Dean's office		57.1%	4
Central finance		42.9%	3
Clinical departments		0.0%	0
Basic science departments		0.0%	0
Other		14.3%	1
Responses			7





Other: Planning and Analytics team was expanded, but not specifically due to development of a rolling forecast system.

How many total FTEs do you have dedicated to the support of rolling forecasts/long-term financial planning?
(Respondents could only choose a single response)

Response	20% 40% 60% 80% 100%	Frequency	Count
Less than five		81.8%	9
6-10		0.0%	0
11-20		9.1%	1
More than 20		9.1%	1
Responses			11

Does your organization have a 3 or 5 year financial forecast as part of your rolling forecast process?

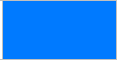



(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
3 year financial forecast						16.7%	2
5 year financial forecast						16.7%	2
No, we do not have a 3 or 5 year financial forecast						33.3%	4
Other						33.3%	4
Responses							12

Other: Two year forecast and up to a 12 year long range plan; 2 year cash projection, and 5 year income statement rolling forecast; The rolling forecast concentrates more specifically on a near term timeframe, but expands out to 20 years for hypothetical impact; 10 year

How long did it take you to select your software and develop your implementation plan?

(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
1-3 months						25.0%	3
4-6 months						0.0%	0
7-9 months						0.0%	0
Full year						8.3%	1
Longer than a year						16.7%	2
We already had the software so no additional time was needed to select it						50.0%	6
Responses							12

After configuring and developing your plan, how long did it take you to test and interpret your rolling forecast?

(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
1-6 months	<div><div></div></div>					41.7%	5
6-12 months	<div><div></div></div>					33.3%	4
12+ months	<div><div></div></div>					25.0%	3
Responses							12

How often do you update your rolling forecast?

(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Monthly	<div><div></div></div>					27.3%	3
Quarterly	<div><div></div></div>					54.5%	6
Other	<div><div></div></div>					18.2%	2
Valid Responses							11

Other: semi-annually; Every 6 months for the cash projection, and annually for the 5 year income statement forecast.

How often do you update your long-range financial plan?

(Respondents could only choose a single response)

Response	20%	40%	60%	80%	100%	Frequency	Count
Six months	<div><div></div></div>					30.0%	3
Annually	<div><div></div></div>					40.0%	4
Every other year	<div><div></div></div>					0.0%	0
Other	<div><div></div></div>					30.0%	3
Valid Responses							10

Other: Updated as material impacts arise, but no less than quarterly; At least 2-3 times per year, depending on on-going initiatives

How has the implementation of a rolling forecast created efficiencies or resulted in a realized benefit to your operations/budgetary planning?

Response
Depends on the user. When budgets are created at the department level, consistency is not always present, so there are varying factors of reliability. The budgeting process is a bit longer and requires the use of both the system and Excel. Lack of efficiency is due to organizational deficiencies.
More real time data on which to make decisions at a higher level; Keeping the fiscal realities at the forefront of managers and operations daily activity; identify areas for efficiencies more quickly
We use the rolling forecast to assist with cash projections. The rolling forecast allows us to clearly articulate to leadership expectations regarding expected cash balances for the next two fiscal years. It helps us to be able to update it every 6 months based on recent developments.
The rolling forecast helps the medical school understand their university expected cash balances earlier to be better prepared for year-end reporting.
This has helped us project our financial position for the current year to strategically adjust spend on long term projects. Has also assisted in identifying errors or new trends (enrollment, spend, other) more quickly. Allows for more financial agility.
It has helped with understanding and right-sizing resource needs within departments, and allowed for better planning within the Dean's Office on financial levers relating to FY targets/requirements.

We would like to hear any additional insights. From your perspective: What are the benefits to having a rolling forecast? Is it worth the time and effort? Did you gain additional decision insights to allow you to make decisions?

Response
This truly depends on how you are viewing your financials. If you are strictly institution based with no hospital, than is there a business need to have a rolling forecast when the accounting practices are focused more on the annual product? If you are in an institution that is inclusive of a health system, there is a true business need to track revenue/expenditures month over month. Rolling forecasts can be helpful for future planning but are only ever going to be as useful as data is reliable.
From a high-level perspective there have been advantages for getting information quicker and being able to react to changes timelier. The chief concern from operations is that there is not enough information at their level of need, and no information for comparisons.
Yes, worth the effort for the benefits noted in the previous question.

Participants that provided their school's name

Albert Einstein College of Medicine
Case Western Reserve School of Medicine
CUNY School of Medicine
David Geffen School of Medicine
Eastern Virginia Medical School
Geisinger Commonwealth School of Medicine

Hackensack Meridian School of Medicine (866)
Harvard Medical School
Indiana University School of Medicine
Kirk Kerkorian school of medicine at UNLV
Lewis Katz School of Medicine, Temple University
Michigan State University - College of Human Medicine
Morehouse School of Medicine
New York Medical College
Northwestern University Feinberg School of Medicine
NYU Long Island School of Medicine
Oakland University William Beaumont School of Medicine
OHSU
Pittsburgh
Southern Illinois University School of Medicine
University of Cincinnati
University of Colorado
University of Florida College of Medicine
University of Missouri School of Medicine
University of North Carolina at Chapel Hill
University of North Dakota School of Medicine & Health Sciences
University of South Florida College of Medicine
University Of Utah
University of Virginia School of Medicine
University of Wisconsin School of Medicine and Public Health
Warren Alpert Medical School - Brown University
Washington University in St. Louis, School of Medicine
Wayne State
Weill Cornell Medicine
WSU - College of Medicine

For questions, please contact gba@aamc.org
June 2023.