Key features of the SSI formula

1. Empirically based
   - 1.1. Based on actual operating expenditures per credit hour, with student credit hours aggregated into standardized units called "FTEs" (full-time equivalent students).
   - 1.2. Student, faculty, financial data collected at course-section level; course-section data are rolled up into program-level aggregations.
2. Enrollments in programs at all campuses are aggregated into one of 16 broader categories called "Models" (General Studies I…through Medical II).
3. Determination of subsidy and subsidy allocations
   - 3.1. Calculate average expenditure per FTE by model.
   - 3.2. Since the state does not pay for 100% of the costs, a "local contribution" (aka "fee assumption") is subtracted from average modeled expenditure.
   - 3.3. There are five different "local contributions" – one for lower division undergraduates; one for upper division undergraduates, one for graduate students, one for Medical I, and one for Medical II.
   - 3.4. All "local contributions" are derived from the upper division undergraduate amount, such that the state share of costs varies by model. Generally, state share is higher for upper division models and more expensive programs.
   - 3.5. Sum the product of [FTEs by model X net subsidy by model] for all models by campus, and sum for the system.
   - 3.6. Protection ("buffering"): Use greater amount determined by use of two-year and five-year FTE average, with the previous year's enrollments being the terminal year of the FTE average.
   - 3.7. Doctoral support determined not on an enrollment basis but is distributed on a block-grant basis.
4. Other protection
   - 4.1. Use the greater of plant operation and maintenance (POM) subsidy calculated on enrollment basis and on a subsidy/square foot basis.
   - 4.2. Application of "hold harmless" or "stop loss" – provides floor below which state support will not drop, regardless of other changes in the system or to the formula.

Some key issues:

1. What is the proper classification of programs into models?
2. Is the use of variable fee assumptions appropriate?
3. What is the correct balance between growth versus stability?
4. How to best reward particular preferred outcomes or behaviors (completion of courses; retention of students; enrollments in STEM courses and programs)?