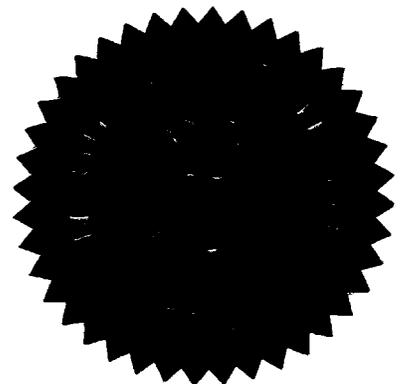


MINUTES

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

November 2, 2005



MINUTES

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

NOVEMBER 2, 2005

The University of Southern Indiana Board of Trustees met in regular session on Wednesday, November 2, 2005, in the University Center. Present were Chair G. Patrick Hoehn and Trustees Bruce H. Baker, Mark A. Day, Lauren C. Fultz '07, J. David Huber, Frank F. McDonald II '73, Harolyn G. Torain '71, and James L. Will Sr. Also in attendance were President H. Ray Hoops; Provost and Vice President for Academic Affairs Linda L. M. Bennett; Vice President for Governmental Relations Cynthia S. Brinker; Vice President for Student Affairs Robert W. Parrent; Vice President for Business Affairs and Treasurer Mark Rozewski; Vice President for Advancement Sherrienne M. Standley; Faculty Senate Chair Peter Cashel-Cordo; and Student Government Association President Scott Carr.

Chair Pat Hoehn called the meeting to order at 2:10 p.m.

SECTION I - GENERAL AND ACADEMIC MATTERS

A. APPROVAL OF MINUTES OF SEPTEMBER 8, 2005, MEETING

On a motion by Mr. Baker, seconded by Mr. Will, the minutes of the September 8, 2005, meeting were approved.

B. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION

The next regular meeting of the Board of Trustees was set for Thursday, January 12, 2006, in Indianapolis.

C. REPORT OF THE LONG-RANGE PLANNING COMMITTEE

The Long-Range Planning Committee met prior to the Board of Trustees meeting on November 2, 2005. Mr. Hoehn called on Committee Chair Bruce Baker for a report. Mr. Baker reported that the committee heard a report from Associate Vice President and Dean of Extended Services Ed Jones on the International Baccalaureate Program effective for new students enrolled in summer 2006 or later. Dean David Glassman presented a report about the College of Liberal Arts. The committee learned about faculty and student profiles, the Liberal Arts Center and other facilities used for teaching and learning, and recent program developments. Dean Glassman shared the accomplishments of faculty and students in the College and its Strategic Plan for 2006-2011.

D. PRESIDENT'S REPORT

President Hoops began by reporting that since the Trustees met last, the University has had many occasions to celebrate. The 40th anniversary dinner and program celebrated the University's history – 20 years as regional campus and 20 years as a separate state university – and gave USI an opportunity to recognize the southwestern Indiana legislative delegation from 1965 to present.

In October, more than 250 members of the USI Foundation President's Associates gathered to celebrate the gifts of the University's best friends. President Hoops asked Vice President Standley to share details about the President's Associates. Mrs. Standley reported that gifts from the President's Associates, donors who give at least \$1,000 annually, accounted for a total for \$7.6 million and 91 percent of total gifts to the Foundation in 2004-2005. She reported that also in 2004-2005, 21 new perpetual members were welcomed to the President's Associates. Perpetual members are those donors who make single gifts of \$25,000 or more, or \$25,000 annually to a single program.

Vice President Standley concluded by announcing that at the recent President's Associates dinner, 21 new members were received into the President's Circle. The President's Circle recognizes those men and women whose personal volunteer efforts, advice, and expertise have been consistently present in shaping the University of Southern Indiana. She was pleased to announce that Trustee Harolyn Torain was included in this prestigious group.

President Hoops announced that the USI student team from the College of Business won first place for the second consecutive year in the annual Indiana CPA Society Case Study Competition, edging out IU-Bloomington, which placed second. Each of the four students won a \$1,000 award from the Indiana CPA Society. USI has competed for five years, placing among the final six teams in four of the five years. He expressed congratulations to the team and its advisor, Jeanette Maier-Lytle, instructor in accounting, who has guided the team the past two years.

He announced that he had also learned that a USI student has won a coveted award for international study and asked Provost Bennett to give a report. Dr. Bennett reported that USI student Lora DeFries is the recipient of a study-abroad opportunity through the Rotary Ambassadorial Scholarship. The purpose of the scholarship is to further international understanding and friendly relations among people of different countries. Ms. Defries will graduate with two bachelor's degrees, in economics and international studies, in May 2006. As a Rotary Ambassador, she will represent one of three Indiana districts and attend classes at the University of Guadalajara, Mexico, during the 2006-2007 academic year.

President Hoops was pleased to report that Pam Hopson, director of USI's Multicultural Center, was named the recipient of the Effie Thomas Development Award at the Mayor's Celebration of Diversity program sponsored by the Evansville Human Relations Commission. He noted that Ms. Hopson's development of the Multicultural Center and its wide array of programs promoting diversity on campus and in the community were cited as evidence of her leadership.

He reported that USI hosted the October meeting of the Indiana Commission for Higher Education on campus. With several new appointees to the Commission, this was an excellent opportunity for them to see our campus and meet our officers and other staff.

He called on Provost Bennett to introduce the academic presentation from the College of Nursing and Health Professions. Dr. Bennett introduced Dr. Nadine Coudret, Dean of the College of Nursing and Health Professions, who called on Assistant Professors of Nursing Dr. Roberta Hoebeke and Dr. Mayola Rowser for a report. Dr. Hoebeke reported on a pilot program to increase physical activity in low-income women, a program she developed through the USI Excellence through Engagement Summer Research Fellowship funded by Lilly Endowment, Inc. She reviewed the design of the study, its methods, and its results, which she plans to incorporate into teaching, present to family practice physicians and a nursing research conference, and publish in a nursing research journal.

Dr. Rowser reported on a collaborative service learning project to provide health care services to inmates of the Vanderburgh County jail and safe house. The project was funded by the U.S. Department of Health and Human Services and included the participation of USI, ECHO Community Health Care, the Vanderburgh County Health Department, and the Vanderburgh County Sheriff's Department. Dr. Rowser reported that the project provided health care to a vulnerable and diverse population while providing a multidisciplinary service learning opportunity for faculty and students. She noted that nearly 7,000 inmates have received care and more than 300 students have participated in the project.

President Hoops called on Faculty Senate Chair Peter Cashel-Cordo for a report from Faculty Senate. Dr. Cashel-Cordo reported that among the issues Faculty Senate is working on this year is the evaluation of effective teaching and how to design a more valid method of evaluation. An ad hoc committee is engaged in identifying a reliable instrument for students to evaluate some aspects of teaching. For those areas of teaching in which students may not be the best evaluators of teaching effectiveness, the Senate is asking the faculty to assist in developing an evaluation tool.

Dr. Cashel-Cordo reported that the Faculty Senate is considering recommendations on various academic and University policies related to emergency response, students with disabilities, plus and minus grades, distance education, course transfers, the handling of academic dishonesty, and faculty remuneration. He noted that the eight standing committees of the Faculty Senate are at work on the responsibilities required of the committees each year and he expressed appreciation to the committee members for their dedication.

President Hoops asked Student Government Association (SGA) President Scott Carr for his report. Mr. Carr reported that SGA held its fall retreat in September to review goals and plans for the year. The Eagles Athletic Support Committee assisted in Midnight Madness, an event to celebrate the opening of basketball season, and has expanded membership in The Red Zone, a student group dedicated to support of athletics at USI. During National Collegiate Alcohol Awareness Week in October, SGA sponsored events based on the theme of drinking responsibly. Mr. Carr concluded by reporting that SGA will sponsor town hall meetings in November with representatives from each academic college.

Dr. Hoops called on Vice President Parrent for a report about USI students' exemplary record in loan repayment. Dr. Parrent announced that the United States Department of Education reports that the Stafford Loan default rate among USI students is 3.2 percent, compared to the national average default rate of 4.5 percent and the Indiana average rate of 4 percent. Vice President Parrent commended the Student Financial Assistance staff for its attention to the entrance and exit interview process which assures that students are keenly aware of their financial obligations.

Dr. Hoops announced that in November, he looks forward to hosting one of America's most prominent artists as Artist in Residence. Stephen Pace, who grew up in Posey County and first studied art in Evansville, will be on campus for several days to work with students and give a public lecture on his work. He reminded the trustees that USI awarded Mr. Pace an honorary doctorate at Commencement in 2002.

In closing his report, President Hoops referred the Trustees to a postcard that the architectural firm of Hastings and Chivetta is using as a marketing tool for its services. The card features the Education Center and Torrington Wing of the Science Center, which the firm helped design.

E. REVIEW AND ACCEPTANCE OF CONFLICT OF INTEREST STATEMENT

In 1983, the Indiana General Assembly enacted amendments to the Indiana "conflicts of interest" law, which provides that "The public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from a contract or purchase connected with an action by the government entity that he serves, commits a conflict of interest, a Class D felony.

I.C. 35-41-1-2 defines "public servant" as a person who (1) is authorized to perform any official function on behalf of, and is paid by, a governmental agency; or (2) is elected or appointed to office to discharge a public duty for a governmental entity.

The 1983 amendment provides a method by which public servants can avoid the criminal aspect of the conflicts of interest law by filing a disclosure statement with the Board of Trustees. The Board of Trustees must then review and accept such disclosures, and must forward all disclosure statements to the State Board of Accounts.

Chair Hoehn called on Vice President Rozewski, who referred the trustees to a *Possible Conflict of Interest Disclosure Statement* submitted since September 2005 (Exhibit I-A) and recommended its approval.

On a motion by Mr. Huber, seconded by Mr. Baker, the *Possible Conflict of Interest Disclosure Statement* listed in Exhibit I-A was approved.

F. REVIEW OF CAMPUS MASTER PLAN

Mr. Hoehn called on Vice President Rozewski, who introduced Jim Christman, a consultant with The Campus Studio, to present a report on the campus master plan. Mr. Christman reviewed the 2005 Master Plan goals, including:

- 1) Guide the transition from a commuter campus to a residential campus;
- 2) Communicate the physical impacts resulting from increasing student enrollments;
- 3) Define a parking strategy that incorporates parking structure siting opportunities;
- 4) Identify sites for a number of new facilities;
- 5) Make the campus more student friendly (malls and pedestrian linkages); and
- 6) Refine the proposed road corridors.

Mr. Christman reviewed long-range plans for an academic core including building placement, integrated housing, comprehensive open space, pedestrian corridors, a campus entry and loop road, and proposed parking. In addition to the academic core, the Master Plan includes plans for the northeast quadrant to include a campus entry from Schutte Road and the relocation of the Physical Plant. In the southern quadrant, the plan calls for the continued development of a student athletics facilities complex. The Master Plan incorporates the buildings defined in the 2005-2015 Ten-Year Capital Improvement Plan.

Mr. Huber expressed concern about the potential safety of pedestrians on a portion of University Boulevard that remains in the Master Plan. President Hoops noted that the Master Plan will continue to be monitored and changed as needed, and that the Board of Trustees will be asked to review the proposed roadways again before they are constructed.

Mr. Rozewski expressed appreciation to The Campus Studio for its guidance and to the Master Plan Committee for its work in preparing the campus master plan.

SECTION II – FINANCIAL MATTERS

A. ANNUAL REPORT ON STUDENT FINANCIAL ASSISTANCE

Mr. Hoehn called on Vice President Parrent, who reported that the Board of Trustees annually delegates authority to the administration to award financial aid to students within the capabilities of the budget and then the Board receives an annual report on the awards. Dr. Parrent introduced James Patton, director of Student Financial Assistance, to present reports on the allocation of student aid during the 2003-2004 academic year (Exhibit II-A). Mr. Patton referred the Trustees to the information in Exhibit II-A, including service profiles, volume and trends of financial assistance, and sources and distribution of funds.

B. REPORT OF THE FINANCE/AUDIT COMMITTEE

The Finance/Audit Committee met prior to the Board of Trustees meeting on November 2, 2005. Mr. Hoehn called on committee Chair Frank McDonald for a report. Mr. McDonald reported that the committee approved budget appropriations, adjustments, and transfers, and established a new process for future budget approval and reporting of items of \$50,000 or more. The new process will be implemented immediately and re-evaluated in six months. Mr. McDonald reported that the committee heard a report on the proposed sale of several New Harmony properties and reviewed a draft of the 2005 audited financial statements.

C. REPORT OF THE CONSTRUCTION COMMITTEE

The Construction Committee met prior to the Board of Trustees meeting on November 2, 2005. Mr. Hoehn called for a report from Mr. McDonald, chair of the Construction Committee, who reported that the committee heard a report of change orders for the Rice Library project and approved a recommendation to the Board of Trustees regarding the selection of an architect for Phase II of the Recreation and Fitness Center. This recommendation is detailed in Item E.

D. APPROVAL OF AUTHORIZING RESOLUTION FOR PHASE II OF THE RECREATION AND FITNESS CENTER

Mr. Hoehn called on Vice President Rozewski to review the request for approval of an authorizing resolution for Phase II of the Recreation and Fitness Center. Mr. Rozewski reported that the 2005 Indiana General Assembly authorized the University to issue bonds to plan, construct, and equip the Phase II addition to the Recreation and Fitness Center. The Phase II addition will:

- 1) Provide needed space to accommodate growth in student enrollment and corresponding increased utilization of the facility;
- 2) Enhance the wellness, recreational, and physical facilities for students and staff; and
- 3) Increase the space available for intramural activities and the associated support needs.

To proceed with the planning and construction of this project, several steps must be taken between regular meetings of the Board of Trustees. Mr. Rozewski recommended the approval of the authorizing resolution.

On a motion by Mr. Will, seconded by Mr. Baker, the following resolution was approved.

WHEREAS, the University of Southern Indiana Board of Trustees wishes to proceed with the planning and construction of the Phase II addition to the Recreation and Fitness Center as submitted in the 2005-2007 Capital Improvement Budget Request and authorized by the 2005 General Assembly; and

WHEREAS, the project is not eligible for fee replacement funding, but received bonding authority in the amount of \$7,250,000 from the General Assembly; and

WHEREAS, approvals may be required between the regular meeting of the Board of Trustees;

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees authorizes the Construction Committee to approve construction contracts, design plans, cost estimates, and a construction schedule; to review construction bids; to award contracts or reject any and all construction bids for the project; and to report on the progress of the project to the Board of Trustees; and

FURTHER RESOLVED that the Treasurer is authorized to issue a Request for Proposal to investment banking firms interested in providing service to the University in financing the Phase II addition to the Recreation and Fitness Center; and

FURTHER RESOLVED that the Finance/Audit Committee is authorized to evaluate the results of the investment banking proposals; accept or reject all proposals; approve all financing plans on behalf of the Board of Trustees; and inform the Board of its actions; and

FURTHER RESOLVED that the President is authorized to request approval of the Indiana Commission for Higher Education, the Indiana State Budget Committee, and the Governor of the State of Indiana for the construction of the Phase II addition to the Recreation and Fitness Center.

E. RECOMMENDATION TO HIRE ARCHITECTURAL FIRM FOR PHASE II OF THE RECREATION AND FITNESS CENTER

Mr. Hoehn called on Vice President Rozewski, who reported that In September 1998, the Construction Committee, on behalf of the Board of Trustees, selected the Merci-Kinkel Collaborative to provide architectural and engineering services for the Recreation and Fitness Center. The firm of Jack R. Kinkel and Sons prepared a schematic design for the center to be constructed in three phases. Phase I was completed in 2001.

Upon the recommendation of the Construction Committee, Mr. Rozewski asked the Board for approval to engage Jack R. Kinkel and Sons for architectural work on Phase II. On a motion by Mr. Huber, seconded by Mr. Will, the recommendation to engage the firm of Jack R. Kinkel and Sons to provide architectural and engineering services for Phase II of the Recreation and Fitness Center was approved.

F. UPDATE ON CURRENT CONSTRUCTION PROJECTS

Mr. Hoehn called on Vice President Rozewski, who introduced Steve Helfrich, director of facilities operations and planning, to give a report on current construction projects. Mr. Helfrich began with a report on the David L. Rice Library project. With the exception of a delay in the installation of elevators, the project is on schedule and is expected to be completed as scheduled. Mr. Helfrich reported that the renovation of the Forum Wing of the Wright Administration Building is complete. He noted that planning for future construction and renovation projects is underway. These projects include the completion of the lower level of the Education Center, construction of the McCutchan Art Gallery, construction of the Distribution Services Facility, and relocation of the maintenance shops and offices. Most of these projects will be in the bidding and construction phase in Summer and Fall 2006.

G. APPROVAL OF ANTHEM BLUE CROSS/BLUE SHIELD GROUP HEALTH INSURANCE AND HEALTH RESOURCES, INC. DENTAL INSURANCE PREMIUM RATES

Mr. Hoehn called on Vice President Cindy Brinker to report on the health insurance renewal requests for Anthem Blue Cross/Blue Shield Group Health Insurance and Health Resources, Inc. Dental Insurance Premium rates. Vice President Brinker began her report by noting that President H. Ray Hoops, who is a member of the Deaconess Hospital Board of Directors, was not involved in the negotiations for renewal of group health insurance rates.

Ms. Brinker reported that the University of Southern Indiana offers two health insurance programs through Anthem Blue Cross/Blue Shield - the Blue Access 100 Plan (Preferred Provider Organization - PPO) and the Blue Access 500 Plan (Preferred Provider Organization - PPO).

She noted that a comprehensive review of claims from both Anthem health plans indicates medical and drug claims totaled 95.8 percent of paid premiums under the Cost Plus funding arrangement. Anthem projects an increase of approximately 20 percent in claims in 2006 based on trend factors of 14.5 percent for medical and 18.5 percent for prescription drugs.

In 2005, the University implemented the Cost Plus financial arrangement to minimize the impact of the 2005 renewal rates. Under this arrangement, Anthem pays claims for the University. The University is billed for actual claims paid for covered persons and administrative services which include utilization management and PPO access fees, the Human Organ and Tissue Transplant rider, and Stop Loss coverage. Under this arrangement, the University determines the level of reserves to be held and holds the reserves. While the

University assumes additional risk under this funding arrangement, the Stop Loss coverage, both specific and aggregate, limits the University's overall exposure. At the same time, the University receives the advantage of favorable claims immediately, rather than through an annual settlement.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) made changes to the existing Medicare program as well as created a voluntary prescription drug program for Medicare Part D eligible individuals effective January 1, 2006. Unlike Medicare Parts A and B, benefits will be provided by individual insurers who offer plans comparable to the Standard Part D plan design. Employers who currently offer prescription drug coverage to retirees may continue to provide coverage and receive a federal subsidy, if the coverage is considered to be creditable. The Blue Access 100 and Blue Access 500 Plans both provide creditable coverage. However, to be eligible for the subsidy, the University must conduct actuarial attestations of the plans to prove they are creditable. Through the subsidy option, University retirees will not enroll in Medicare Part D, will continue to receive prescription drug coverage through the employer sponsored plan, and the University will receive a federal subsidy for providing the prescription drug coverage beginning January 1, 2006.

The following items provide 2006 plan renewal information for the Anthem Blue Cross/Blue Shield Group Health Insurance and Health Resources, Inc. Dental Plans.

BLUE ACCESS 100 PLAN – (PREFERRED PROVIDER ORGANIZATION: PPO)

The Blue Access 100 Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The Blue Access 100 Plan was first offered with the 1999 renewal. The following monthly premium rates for the Blue Access 100 Plan are recommended for a 12-month period beginning January 1, 2006.

The proposed medical premium rates for the Blue Access 100 Plan for 2006 reflect a 7.68 percent rate increase for single memberships; a 9.25 percent rate increase for employee/child(ren) memberships; a 9.67 percent rate increase for employee/spouse memberships; and a 9.78 percent rate increase for family memberships. The recommended medical premium rates for retiree (over 65) memberships reflect a 6.08 percent rate decrease, due to the addition of the Medicare Part D subsidy.

There are five plan design changes recommended for 2006:

- Co-Insurance – Change from 100% in-network to 90%/10% in-network; 80%/20% non-network to 70%/30% non-network
- Annual out-of-pocket maximum – Increase from \$500/\$1000 to \$1000/\$2000 in-network; \$1000/\$2000 to \$2000/\$4000 non-network
- Specific Stop Loss Coverage – Increase from \$100,000 to \$125,000
- Eliminate separate Human Organ and Tissue Transplant Rider
- Add Medicare Part D subsidy

For 2006, the University proposes continuation with the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2006, for Health Resources, Inc. dental insurance reflect a rate hold for single memberships; a 4.44 percent rate increase for employee/child(ren) memberships; a rate hold for employee/spouse memberships; and a 14.04 percent rate increase for family memberships. The renewal rates effective January 1, 2006, are the result of an increased number of claims by membership group for USI employees and dependents and an increase in dentists' fees and procedures effective January 1, 2006.

The 2006 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield - Blue Access 100 Plan and Health Resources, Inc. provide the primary health/dental insurance for 537 active employees and 132 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees is 75 percent of the total premium.

On a motion by Mr. Day, seconded by Mr. Hoehn, renewal of the master policies with Anthem Blue Cross/Blue Shield – Blue Access 100 Plan, including plan-design changes, and Health Resources, Inc. with the following rate schedule using the Cost Plus financial arrangement, was approved.

**2006 MONTHLY PREMIUM RATES
ANTHEM BLUE CROSS/BLUE SHIELD – BLUE ACCESS 500 PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2006 TOTAL MONTHLY PREMIUM</u>	<u>2005 TOTAL MONTHLY PREMIUM</u>
Single	\$317.38	\$22.18	\$8.50	\$348.06	\$320.32
Employee + Child(ren)	\$607.20	\$44.70	\$22.00	\$673.90	\$609.80
Employee + Spouse	\$804.98	\$42.36	\$22.00	\$869.34	\$783.66
Family	\$886.66	\$74.74	\$22.00	\$983.40	\$878.80
Over 65 (Retired)	\$275.39	\$22.18	\$8.50	\$306.07	\$257.04

H. APPROVAL OF WELBORN HMO GROUP HEALTH INSURANCE AND HEALTH RESOURCES, INC. DENTAL INSURANCE PREMIUM RATES

Mr. Hoehn called on Vice President Cindy Brinker to review the recommendation to approve Welborn HMO group health insurance and Health Resources, Inc. dental insurance premium rates. Ms. Brinker reported that the University of Southern Indiana has offered Welborn HMO/Health Resources, Inc. as an alternative health/dental benefit program since October 1988. Welborn HMO is administered locally and currently provides services to approximately 30,000 members in the local area.

Vice President Brinker reported that a comprehensive review of USI claims for the Welborn HMO indicates medical and prescription drug claims totaled 100.9 percent of paid premiums for the time period of June 2004 through May 2005.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) made changes to the existing Medicare program as well as created a voluntary prescription drug program for Medicare Part D eligible individuals effective January 1, 2006. Unlike Medicare Parts A and B, benefits will be provided by individual insurers who offer plans comparable to the Standard Part D plan design. Employers who currently offer prescription drug coverage to retirees may continue to provide coverage and receive a federal subsidy, if the coverage is considered to be creditable. Welborn HMO provides creditable coverage. However, to be eligible for the subsidy, the University must conduct an actuarial attestation of the plan to prove it is creditable. Through the subsidy option, University retirees will not enroll in Medicare Part D, will continue to receive prescription drug coverage through the employer-sponsored plan, and the University will receive a federal subsidy for providing the prescription drug coverage beginning January 1, 2006.

The quoted premium rates effective for a 12-month period beginning January 1, 2006, reflect a 6.21 percent rate increase for all active memberships. The expected medical premium rates for retiree (over 65) memberships reflect a 6.21 percent rate increase, but will not be confirmed until mid-November 2006.

There are three plan-design changes recommended for 2006:

- Doctor Office Visits – Change from 90% after co-payment to 100% after co-payment
- Network – Change from St. Mary's and Deaconess network to Deaconess only
- Add Medicare Part D subsidy

The 12-month renewal rates effective January 1, 2006, for Health Resources, Inc. dental insurance reflect a rate hold for single memberships; a 4.44 percent rate increase for employee/child(ren) memberships; a rate hold for employee/spouse memberships; and a 14.04 percent rate increase for family memberships. The renewal rates effective January 1, 2006, are the result of an increased number of claims by membership group for USI employees and dependents and an increase in dentists' fees and procedures effective January 1, 2006.

**2006 MONTHLY PREMIUM RATES
ANTHEM BLUE CROSS/BLUE SHIELD – BLUE ACCESS 100 PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2006 TOTAL MONTHLY PREMIUM</u>	<u>2005 TOTAL MONTHLY PREMIUM</u>
Single	\$369.44	\$22.18	\$8.50	\$400.12	\$373.76
Employee + Child(ren)	\$704.46	\$44.70	\$22.00	\$771.16	\$709.64
Employee + Spouse	\$933.24	\$42.36	\$22.00	\$997.60	\$915.28
Family	\$1,027.70	\$74.74	\$22.00	\$1,124.44	\$1,023.70
Over 65 (Retired)	\$238.20	\$22.18	\$8.50	\$268.88	\$284.29

BLUE ACCESS 500 PLAN – (PREFERRED PROVIDER ORGANIZATION: PPO)

Vice President Brinker reported that the Blue Access 500 Plan, first offered with the 2004 renewal, provides employees with a second PPO option in their selection of medical insurance plans. The Blue Access 500 Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The following monthly premium rates for the Blue Access 500 Plan are recommended for a 12-month period beginning January 1, 2006.

The proposed medical premium rates for the Blue Access 500 Plan for 2006 reflect a 9.57 percent rate increase for single memberships; an 11.41 percent rate increase for employee/child(ren) memberships; an 11.91 percent rate increase for employee/spouse memberships; and a 12.06 percent rate increase for family memberships. The recommended medical premium rates for retiree (over 65) memberships reflect a 21.6 percent rate increase.

There are two plan design changes recommended for 2006:

- Specific Stop Loss Coverage – Increase from \$100,000 to \$125,000
- Eliminate separate Human Organ and Tissue Transplant Rider

For 2006, the University proposes continuation with the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2006, for Health Resources, Inc. dental insurance reflect a rate hold for single memberships; a 4.44 percent rate increase for employee/child(ren) memberships; a rate hold for employee/spouse memberships; and a 14.04 percent rate increase for family memberships. The renewal rates effective January 1, 2006, are the result of an increased number of claims by membership group for USI employees and dependents and an increase in dentists' fees and procedures effective January 1, 2006.

The 2006 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield - Blue Access 500 Plan and Health Resources, Inc. provide the primary health/dental insurance for 112 active employees and 2 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees is equal to the amount contributed to the Blue Access 100 Plan.

On a motion by Mr. Will, seconded by Mr. Baker, renewal of the master policies with Anthem Blue Cross/Blue Shield – Blue Access 500 Plan, including plan design changes, and Health Resources, Inc. with the following rate schedule using the Cost Plus financial arrangement was approved.

The 2006 insurance rates include a contribution for funding the liability for post-retirement benefits.

Welborn HMO and Health Resources, Inc. provide the primary health/dental insurance coverage for 127 active employees and 18 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees is 75 percent of the total premium.

On a motion by Mr. Day, seconded by Mr. Will, the renewal of the master policies with Welborn HMO and Health Resources, Inc. with the following rate schedule was approved.

**2006 MONTHLY PREMIUM RATES
WELBORN HMO**

	<u>WELBORN MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	2006 TOTAL MONTHLY PREMIUM	2005 TOTAL MONTHLY PREMIUM
Single	\$318.56	\$22.18	\$8.50	\$349.24	\$330.60
Employee + Child(ren)	\$615.12	\$44.70	\$22.00	\$681.82	\$643.98
Employee + Spouse	\$683.10	\$42.36	\$22.00	\$747.46	\$707.56
Family	\$958.28	\$74.74	\$22.00	\$1,055.02	\$989.82
Over 65 * (Retired)	\$249.78	\$22.18	\$8.50	\$280.46	\$265.86

* *Expected 2006 medical premium rates*

I. APPROVAL OF SECTION 125 FLEXIBLE BENEFIT PLAN ADMINISTRATIVE FEE

Mr. Hoehn asked Vice President Brinker to review the recommendation for approval of the Section 125 Flexible Benefit Plan administrative fee. Ms. Brinker reported that the Section 125 Flexible Benefit Plan, which was implemented in 1990 and expanded in 1992, allows enrolled employees to pay medical insurance premiums, dependent care expenses, and uninsured medical expenses with pre-tax dollars. Participation in the program has been steady since its introduction. Approximately 36 percent of eligible employees participate in the uninsured medical expense and dependent care reimbursement plans, and 99 percent of employees with medical insurance are enrolled in the premium-only portion of the plan. In calendar year 2005, the University contracted with The Nyhart Company to administer the Section 125 Flexible Benefit Plan.

During the 2004 plan year, University savings were \$141,235 due to reduced FICA tax (Social Security and Health Insurance).

On May 18, 2005, the U.S Treasury and the Internal Revenue Service issued Notice 2005-42 permitting employers to extend the deadline for employees' use of funds in a flexible spending account. In the past, the only options for employees were to use all the money in the flexible spending account or forfeit any money left over at the end of the plan year. This concept was known as the "use-it-or-lose-it" rule. Beginning in 2005, employers can amend their plan document to modify the flexible spending account arrangements to extend the deadline to use the funds through the end of the fifteenth day of the third calendar month after the end of the plan year. The University recommends adopting the necessary plan changes beginning with the 2006 plan year to include the extension of the deadline for employees' use of funds in flexible spending accounts.

Ms. Brinker reported that the current administrative fee for the Section 125 Flexible Benefit Plan is \$5.25 per-participant per month. Renewal rates from The Nyhart Company reflect no rate increase for a 12-month guarantee period effective January 1, 2006.

On a motion by Mr. Day, seconded by Mr. Will, renewal of the contract with The Nyhart Company beginning January 1, 2006, to administer the Section 125 Flexible Benefit Plan with the quoted per-participant rate with modification of the plan document to extend the deadline for use of funds in flexible spending accounts through the end of the fifteenth day of the third calendar month after the end of the plan year was approved.

J. APPROVAL TO OFFER VOLUNTARY VISION PLAN BENEFIT THROUGH SPECTERA

Mr. Hoehn called on Vice President Brinker to review the recommendation to offer a voluntary vision plan benefit through Spectera. Ms. Brinker reported that In April 2005, the Benefits Review Committee conducted an on-line survey of faculty and staff to determine the level of interest in additional voluntary benefit options through the University. Employees were surveyed as to their interest in adding short-term disability coverage, cancer insurance, long-term care insurance, and/or vision care. Forty-five percent of employees who took the survey indicated an interest in vision care.

Vice President Brinker reported that the Benefits Review Committee reviewed several proposals from vision carriers. The Committee evaluated each carrier and recommended Spectera to offer voluntary vision coverage. Spectera was founded in 1964 for the purpose of providing vision care benefits for a specific employer group. Spectera currently administers vision care benefits for more than 10 million participants, representing nearly 3,000 employer groups. Spectera's national network totals over 17,000 providers. Consisting of private practice providers as well as retail chain providers, Spectera's network is diverse and well-balanced, offering participants greater choice and convenience by providing access to evening and weekend appointments.

Spectera was selected due to its national network, comprehensive coverage for frames and lenses, and employee cost. Participation in the vision plan is voluntary. The cost for coverage will be paid by the employee. The premium for vision coverage can be made on a pre-tax basis through the employee's Section 125 Flexible Benefit Plan.

On a motion by Mr. Huber, seconded by Mr. Day, the recommendation to contract with Spectera beginning January 1, 2006, to administer the voluntary vision plan was approved.

There being no further business, the meeting adjourned at 3:55 p.m.

Respectfully submitted,


Harolyn G. Terrain
Secretary

**Possible Conflict of Interest Disclosure Statements
filed for calendar year 2005**

University of Southern Indiana

DATE	NAME/ TITLE	VENDOR/ CONTRACTOR	DESCRIPTION OF FINANCIAL INTEREST
09-14-05	Phyllis J. Oeth Manager of Conference and Meeting Planning	DataCare	Spouse of employee

2004-2005 Student Financial Aid Programs Final Report

University of Southern Indiana

October 14, 2005

Executive Summary

This is the final report of prior year student financial aid activity. It contains summary and program-specific data of all student aid programs administered by the offices of Student Financial Assistance, Veterans' Affairs, and Career Services and Placement.

Key indicators contained in the 2004-2005 report are:

◆ Service Profiles

- The Student Financial Assistance Office served 13,329 students and prospective students, an increase of 881 students (7 percent) over the previous year.
- 10,082 FAFSA applications (for need-based assistance) were submitted, an increase of 409 applications (4.2 percent) over the previous year.
- Student Financial Assistance provided aid to 7,394 enrolled students, up 400 students (5.7 percent) over the previous year.

◆ Volume and Trends

- 18,356 awards totaling \$46,139,078 were administered by various offices of the University; up \$4,394,842 (10.5 percent).
- Federal student aid funding was up \$2,832,416 (9.7 percent).
- Indiana student aid funding was up \$720,647 (18 percent).
- University student aid funding was up \$160,580 (3.2 percent).
- USI Foundation student aid funding was up \$34,193 (4.8 percent).
- Corporate and private student aid funding was up \$645,505 (24.8 percent).
- Gift aid (grants and scholarships) was up \$1,179,465 (7.2 percent).
- Self-help in the form of loans was up \$3,283,584 (13.7 percent).
- Self-help in the form of on-campus employment was down \$122,309 (8.2 percent).

◆ Distribution by Type

- Gift aid (grants and scholarships) \$17,581,736 (38.1 percent)
- Self-help in the form of loans \$27,191,614 (58.9 percent)
- Self-help in the form of on-campus employment \$1,365,728 (3 percent)

◆ Distribution by Source

- Federal \$32,026,201 (69.4 percent)
- State of Indiana \$4,723,363 (10.2 percent)
- University of Southern Indiana \$5 (11.3 percent)
- USI Foundation \$741,277 (1.6 percent)
- USI Varsity Club \$175,500 (.4 percent)
- Private Sources \$3,247,506 (7 percent)

2004-2005 Student Financial Aid Programs Final Report

University of Southern Indiana

October 14, 2005

Introduction

This report contains both summary and program-specific information for all student financial assistance programs administered by the University. Data used in compiling this report was obtained from the University's Student Information System on October 7, 2005. Student employment data was provided by Human Resources, Varsity Club expenditures were provided by the Business Office, and veterans' educational benefit information was provided by the Registrar's Office/Veterans' Affairs Office.

The Student Financial Assistance Office, the Veterans' Affairs Office, and the Career Services and Placement Office provide assistance to students in obtaining the types of financial aid included in this report.

Narrative

A total of 13,329 individuals used student financial assistance services (student contacts). Students and prospective students submitted 10,082 Free Applications for Federal Student Aid for "need-based" assistance. Of this number, 7,271 enrolled in 2004-2005. Student contacts were up 7 percent and need-based applications were up 4.2 percent over the prior year.

Excluding regular student employment and veterans' educational benefits, a total of 7,394 students received one or more types of assistance. Various University offices administered 18,356 awards for a total of \$46,139,078 in student financial assistance. The distribution of awards by funding source is given below.

<i>Source</i>	<i>Awards</i>	<i>Subtotals</i>	<i>% of Total Dollars</i>	<i>Prior Year Distribution</i>
Federal Government	8,794	\$32,026,201	69.4	70
State of Indiana	2,456	4,723,363	10.2	9.6
USI	4,660	5,225,231	11.3	12.1
USI Foundation	584	741,277	1.6	1.7
USI Varsity Club	100	175,500	.4	.4
Private Sources	1,762	3,247,506	7	6.2
Totals	18,356	\$46,139,078	100	100

Aggregate borrowing for Stafford Student Loan recipients among the Class of 2005 baccalaureate graduates averaged \$15,855, up 11 percent from the 2004 class average of \$14,280. Among year 2005 masters' degree recipients, aggregate borrowing averaged \$21,620, including both graduate and undergraduate borrowing. This figure represents an increase of 1 percent over the prior year.

A four-year summary of USI's Stafford Loan default rates appears below.

<i>Fiscal Year</i>	<i>Stafford Loan Default Rate</i>
2000	5.9
2001	3.2
2002	3.5
2003	3.2

For FY 2003, the national average default rate is 4.5 percent with the Indiana rate at 4 percent. Nationwide, public 4-year colleges with graduate programs have a 3.3 percent average Stafford Loan default rate.

Student Financial Assistance Mission

As part of the Division of Student Affairs, team members in the Student Financial Assistance Office are committed to supporting the University's goals of enrolling and graduating a highly talented and diverse student body.

Our student-focused team works to help students and their families seek, obtain, and make the best use of all resources available to help them finance the costs of attending the University of Southern Indiana. We aim to provide efficient and effective access to programs and services through personalized attention and the use of state-of-the-art technology.

In partnership with internal, federal, state, and other organizations, team members coordinate the administration of all student financial assistance awarded to ensure equity and consistency in the delivery of funds to students. We are dedicated to providing for the proper stewardship of all University, government, and private funds that are utilized by our students to finance their education.

We aspire to minimize the procedural barriers that sometimes frustrate financial aid applicants and work to ensure that our students learn to handle their financial affairs in a responsible manner. The Student Financial Assistance team provides student advocacy on issues relevant to student success.

Attachments

Table I summarizes all student financial assistance programs.

Table II provides an overview of the University's student financial assistance programs.

Growth trends in student financial assistance are summarized below.

<i>Activity Indicators</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>	<i>2004-2005</i>
Student Contacts	+8%	+4%	+2%	+7%
Need-based Applications	+11	+5	+5	+4.2%
Number of Awards	+4	+7	+5	+5.7%
Total Dollar Volume	+11	+14	+12	+10.5%

Student financial assistance may be categorized by aid type: grants; loans; and employment. In 2004-2005, spending was distributed as follows:

<i>Categories</i>	<i># of Awards</i>	<i>Award Totals</i>	<i>% of Total Dollars</i>	<i>Prior Year Distribution</i>
Grants / Scholarships	10,313	\$17,581,736	38.1	39.2
Loans	7,030	27,191,614	58.9	57.3
Employment	1,013	1,365,728	3	3.5
<i>Totals</i>	<i>18,356</i>	<i>\$46,139,078</i>	<i>100</i>	<i>100</i>

Growth of financial assistance is a natural outcome of enrollment increases and may lead to the conclusion that aid is keeping up with costs. Real growth among entitlement programs, such as the Pell Grant, has not kept pace with inflation.

The foundation of financial aid packages for exceptionally needy students is the Pell Grant. The number of Pell Grant recipients increased 3.8 percent with total dollars increasing 5.2 percent. This compares to a Stafford Loan dollar volume increase of 7.4 percent.

Total Indiana funding was up 18 percent following a 27 percent increase in 2003-2004. Indiana Higher Education Award funding was up 18.4 percent compared to a 32 percent increase in the prior year.

Changes in funding levels are summarized by source below.

<i>Source</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>	<i>2004-2005</i>
Federal Government	+13%	+17%	+11%	+10
State of Indiana	+7	+15	+27	+18
USI	+8	+2	-2	+3
USI Foundation	+11	+3	+20	+5
USI Varsity Club	+30	-34	+40	+2
Private Sources	+22	+17	+50	+25
<i>Aggregate Change</i>	<i>+11%</i>	<i>+14%</i>	<i>+12%</i>	<i>+11%</i>

TABLE I - SUMMARY OF STUDENT FINANCIAL AID PROGRAMS

October 14, 2005

	2002-2003		2003-2004		2004-2005	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
A. Federal Programs						
1. Pell Grants	2,319	\$5,227,868	2,384	\$5,622,810	2,466	\$5,916,640
2. Supplemental Grants (a)	446	274,099	306	208,412	366	245,880
3. Federal Work Study (b)	220	333,215	213	326,016	155	262,428
4. Stafford (Student) Loans	4,301	17,274,322	4,567	19,034,643	4,784	20,447,529
5. Parent PLUS Loans	490	2,520,288	613	3,176,670	750	4,374,226
6. Veterans' Benefits	280	711,210	248	784,493	273	779,498
7. Graduate Nursing Stipend	<u>24</u>	<u>42,317</u>	<u>26</u>	<u>40,741</u>	<u>38</u>	<u>60,300</u>
Federal Totals	8,080	26,383,319	8,357	29,193,785	8,794	32,026,021
B. State Programs						
1. Higher Education Awards	1,336	2,150,871	1,500	2,841,303	1,665	3,364,973
2. Part-Time Higher Ed Awards	122	84,675	123	95,583	125	107,394
3. Hoosier Scholarships	18	9,000	22	11,000	18	9,000
4. 21 st Century Scholarships	395	587,156	424	686,784	492	788,793
5. Vocational Rehabilitation	59	195,974	77	223,039	71	289,172
6. State Work Study	2	1,524	3	2,501	1	347
7. Other State Scholarships	23	33,481	40	52,491	40	52,491
8. National Guard Supp. Grant	<u>55</u>	<u>93,081</u>	<u>46</u>	<u>90,015</u>	<u>44</u>	<u>111,193</u>
State Totals	2,010	3,155,762	2,235	4,002,716	2,456	4,723,363
C. Institutional Programs (See Table II)	4,637	5,172,172	4,447	5,064,651	4,660	5,225,231
D. USI Foundation Programs	493	589,149	572	707,084	584	741,277
E. USI Varsity Club Athletic Aid (c)	86	123,922	93	173,999	100	175,500
F. Corporate and Private Programs	<u>1,302</u>	<u>1,729,161</u>	<u>1,664</u>	<u>2,602,001</u>	<u>1,762</u>	<u>3,247,506</u>
Totals for All Programs	16,608	\$37,153,485	17,368	\$41,744,236	18,356	\$46,139,078

- (a) Federal Supplemental Grants include only federal funds but require a 25 percent match. Matching is accomplished with the Indiana Higher Education Awards.
 (b) Federal Work Study wages reported here include 25 percent institutional matching funds. Seven percent of total wages must be spent on community service such as America Reads/America Counts and placement at United Way agencies.
 (c) USI Varsity Club Athletic Aid includes funds transferred to the athletic department from special accounts in the USI Foundation, but does not include athletically-related Foundation scholarships paid directly to individual students.

TABLE II - Institutional Financial Aid Program Summary – October 14, 2005

	2002-2003		2003-2004		2004-2005	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
1. Academic Honors Diploma Grant	105	\$94,915	0	\$0	0	\$0
2. Academic Achievement Award	13	12,500	12	11,500	15	14,500
3. Academic Excellence Award	18	65,911	18	69,104	19	83,313
4. Athletic Grant-in-Aid (a)	169	492,768	195	498,873	191	539,999
5. B/MD Scholarship	8	14,149	9	12,717	9	12,717
6. Child of Disabled Veteran	183	414,267	174	452,807	180	476,533
7. Child of Employee Fee Remission	74	91,592	80	100,368	77	104,506
8. Departmental Scholarship	802	797,861	1,031	1,039,820	1,059	1,065,839
9. Non-Resident Top Scholars Award	6	31,859	7	37,878	7	35,810
10. Employee Fee Remission	131	142,881	124	151,451	131	175,143
11. Fifth-Year Non-Resident Fee Remission	5	17,631	10	41,359	6	16,116
12. General Fee Remission (b)	350	114,664	258	90,768	395	161,222
13. Non-Resident Grant	383	805,079	344	734,844	336	711,067
14. Retired Individuals Fee Remission	8	3,202	7	2,255	3	1,771
15. Scholastic Excellence Award	81	116,628	0	0	0	0
17. Resident Assistants Room/Board	61	184,058	74	213,122	88	208,245
18. Spouse of Employee Fee Remission	21	16,623	22	17,039	18	18,090
19. Spouse of Full-Time Student Remission	2	1,017	0	0	1	489
20. 21 st Century Textbook Awards	<u>161</u>	<u>29,500</u>	<u>198</u>	<u>36,400</u>	<u>229</u>	<u>41,200</u>
Fee Remit/Grant-in-Aid Subtotals	2,581	3,447,105	2,563	3,510,305	2,764	3,666,560
21. Short-Term Loans for Book and Supplies	1,110	511,077	948	394,825	1,039	455,860
22. Institutional Student Employment (c)	<u>946</u>	<u>1,213,990</u>	<u>936</u>	<u>1,159,521</u>	<u>857</u>	<u>1,102,811</u>
Totals for All Programs	4,637	\$5,172,172	4,447	\$5,064,651	4,660	\$5,225,231

(a) Athletic Grant-in-Aid includes tuition fee remission, room, board, textbooks, and required health insurance for international athletes.

(b) General Fee Remissions are given for English 490 tutors, Education 490 tutors, the College Achievement Program (CAP), graduate assistants, international exchange students, USI's Japanese Instructor, the Student Activities Book Stipend, and the Student Housing Association (SHA) Leadership Scholarships.

(c) The number of awards is estimated.