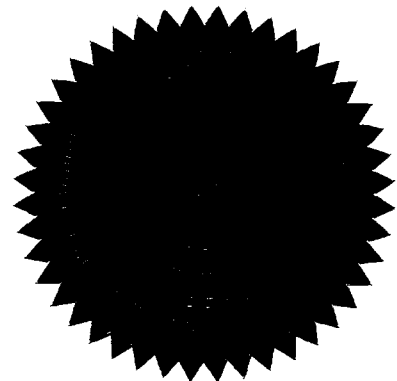


MINUTES

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

November 6, 2008



MINUTES

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

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The University of Southern Indiana Board of Trustees met in regular session on Thursday, November 6, 2008, in Carter Hall in the University Center. In attendance were Chair John M. Dunn and Trustees Ira G. Boots, W. Harold Calloway; Jamie L. Johnson '09; Jeffrey L. Knight, Amy MacDonell; Ronald D. Romain '73; Steven J. Schenck '72; and Ted C. Ziemer Jr. Also attending were President H. Ray Hoops; Provost and Vice President for Academic Affairs Linda L. M. Bennett; Vice President for Government and University Relations Cynthia S. Brinker; Vice President for Student Affairs Robert W. Parrent; Vice President for Business Affairs Mark Rozewski; Faculty Senate Chair Lesa Cagle; and Student Government Association President Amy Beard '09.

Mr. Dunn called the meeting to order at 2:45 p.m.

Jesse Wardrip, a USI student and representative of *Spectrum: USI's Gay, Lesbian, Bisexual, Transgendered and Straight Alliance* addressed the Board of Trustees and presented petitions signed by members of the USI community to "encourage the University of Southern Indiana Board of Trustees to adopt the resolution to offer Same Sex Domestic Partner Benefits to faculty and staff members at the University of Southern Indiana."

SECTION I - GENERAL AND ACADEMIC MATTERS

A. APPROVAL OF MINUTES OF SEPTEMBER 3, 2008, MEETING

On a motion by Mr. Calloway, seconded by Mr. Knight, the minutes of the September 3, 2008, meeting were approved.

B. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION

Mr. Dunn called on Vice President Brinker, who announced the next meeting of the Board of Trustees is scheduled for Thursday, January 8, 2009, at the Columbia Club in Indianapolis. A dinner for Indianapolis friends of the University will be held on Wednesday, January 7, 2009.

C. REPORT OF THE LONG-RANGE PLANNING COMMITTEE

The Long-Range Planning Committee met prior to the Board of Trustees meeting on November 6, 2008. Mr. Dunn called on Committee Chair Harold Calloway, who reported the Committee reviewed the Academic Program Development Plan and heard a report on Living Learning Communities. He asked Provost Bennett to report further.

Dr. Bennett reported the Academic Program Development Plan has remained unchanged since March 2008. The proposed baccalaureate program in Criminal Justice is under review by the Indiana Commission for Higher Education. The academic programs most likely to move through the approval process in the coming year are a master's degree program in communication and baccalaureate degree programs in environmental sciences and biochemistry.

The Living Learning Communities (LLC) program is a successful retention tool which combines a campus residential experience with coordination of class schedules so that students living together in the same residence hall also take the same classes. The combination of these activities requires collaboration between Academic Affairs and Student Affairs and evidence of that collaboration was given by Dr. Jeff Thomas, the faculty coordinator of the program, and Laura Berry, Director of Residential Life, in their report to the Committee. The Office of Residential Life creates programming in the residence hall to coordinate with the academic themes of the learning communities. The result is a retention rate of these students that is often 20 percentage points higher than the general student population. There are currently 165 students participating in seven LLCs with plans to expand the program.

D. PRESIDENT'S REPORT

President Hoops began his report by noting that beginning with today's meeting, the Board of Trustees implements the use of Directors Desk, a board portal that allows the Board to access information through a convenient web interface. The Board will view agenda documents on computers for the first time, while the same documents will be projected for viewing by those in the audience. Dr. Hoops expressed confidence that this innovative communication tool will efficiently provide information while reducing the amount of paper required for printed materials.

The president called on Amy Beard, president of the Student Government Association (SGA), for a report. Ms. Beard reported the SGA Executive Board attended a national student government conference in Washington, DC, in September, where its members made valuable contacts and gathered ideas to bring back to others in the General Assembly. In October, SGA sponsored a Town Hall event to inform students about Travel Grants and Student Organization Support grants. Also in October, the group sponsored National Collegiate Alcohol Awareness Week activities and kicked off the basketball season with Midnight Madness, an event co-sponsored with the Department of Athletics. SGA will sponsor the Red Zone again this year to promote student support for athletics. A reception for evening and commuter students was held in November. Ms. Beard concluded her report by noting the General Assembly has invited distinguished speakers to its fall meetings, including President Hoops, Vice President Parrent, and Provost Bennett.

Dr. Hoops reported the Residence Life Community Center opened in early September and students are enjoying its comfortable spaces for relaxation, a convenience store, and other amenities. Residence Life sought input from student focus groups for the design of the building, which has become a popular gathering place for the campus community.

The USI Alumni Association and the USI Parents and Families Association sponsored two events this fall to reach out to alumni and parents in Knox and Dubois counties in southern Indiana. Dr. Hoops and others shared the story of USI's mission and the University's growth in enrollment, academic programs, and facilities. These events were well received and similar events are planned for other areas with large populations of alumni and current students.

President Hoops was pleased to report the College of Nursing and Health Professions has received a national award for curricular innovation in gerontological nursing education. The award was presented by the American Association of Colleges of Nursing at its annual meeting in Washington, DC. The baccalaureate-level curricular innovation award was established to recognize nursing programs that demonstrate a strong commitment to geriatric nursing. The association will distribute information about the USI program as a model of excellence to other nursing programs nationwide.

Dr. Hoops called on Provost Bennett to introduce the Academic Report about a campus event that allowed USI students to participate in the national DebateWatch program sponsored by the Commission for Presidential Debates. Dr. Bennett introduced Associate Professor of Communication Studies Leigh Anne Howard, who developed the idea for Debate-A-Palooza, an event surrounding the first presidential debate of 2008. Dr. Howard shared the following goals for Debate-A-Palooza, a non-partisan voter education event:

- To encourage students and community members to learn about the political process;
- To help citizens make informed choices; and
- To support USI's mission statement to encourage citizens to be responsive to the community.

Dr. Howard described the event on September 26, 2008, at which more than 500 students, faculty, and community friends gathered on the quad to watch a live feed of the debate on two jumbo screens. Live music and food were provided and student-led small-group discussions followed the debate. Students could register to vote or get an absentee ballot at the event, which was successful in meeting its goals.

In October, a four-member team of accounting students from the College of Business won first place for the fifth consecutive year in the annual Indiana CPA Society Case Study Competition. As first-place winners, each of the USI team members received a \$1,000 award. The competition is designed to challenge students with a practical project requiring them to use their knowledge, skills, and judgment. It provides the kind of practical

experience they might use as CPAs in today's business world. The case study for this year's competition called upon the teams to develop a new business model for CPA firms. Dr. Hoops was pleased to introduce the faculty coach, Jeanette Maier-Lytle, who introduced team members Bradley Greene, Ashley Hancock, Scott Roberts, and David Ubelhor, who were congratulated by the Trustees.

Dr. Hoops asked Provost Bennett to report on USI's annual Assessment Day, scheduled on Tuesday, November 11. Dr. Bennett noted the increased attention to accountability standards on college campuses and that USI is recognized in the state of Indiana as a leader in its assessment practices, including Assessment Day. For 20 years, USI has gathered systematic data about student learning through a battery of assessment tests. She reported that classes are canceled for a day (Tuesday, November 11 this year) to permit the administration of the following tests:

Freshmen (MAPP - Measure of Academic Proficiency and Progress) - to tap general education learning as a baseline measure. Areas tested include critical thinking, reading, and basic quantitative skills.

Juniors (who started at USI as freshmen) – repeat MAPP to assess development since their freshman year.

Seniors (Major Field Exams) – These exams tap fundamental learning in major programs such as the sciences, social sciences, business, and humanities. Scores are compared with those of peers at colleges across the nation.

Dr. Bennett also reported that USI administers other standardized surveys to get a sense of student experience on campus and how students perceive some of the services provided to them. Examples are:

NSSE – National Survey of Student Engagement – which indicates how engaged students are in campus and community life;

CIRP – Cooperative Institutional Research Program – which provides a sense of student experiences before coming to college and what their expectations are for the college experience; and

Other Survey Items – In recent years, USI has added survey items to gauge how students perceive the quality of their academic advising.

Dr. Bennett concluded her report by noting participation rates are high and the value of the assessment process is the data which assists the University in strengthening academic programming at the University of Southern Indiana.

At its meetings in July 2008 and September 2008, the Board of Trustees approved the University's 2007-2009 Capital and Operating Budget Requests. Dr. Hoops reported that on November 19, he will travel to Indianapolis to present the University's requests to the State Budget Committee. He commented that the legislative budget session in 2009 will be challenging for legislators as they work to balance the state's resources with its needs. He anticipates continued support of the legislature for higher education in general and for USI in particular, and noted the University is prepared to weather several difficult budgetary years if necessary. He will keep the Trustees apprised of the budget situation during the session.

Dr. Hoops called on Faculty Senate Chair Lesa Cagle, who reported the Senate has met four times and reviewed charges submitted by USI faculty. The Senate forwarded 22 charges to standing committees and established ad hoc committees to assess mental health services on campus and the scheduling of summer classes. Other charges include reviews of assessment and faculty hiring practices. The Senate will institute a faculty list serve for enhanced communication, and is making plans for the Spring meeting of faculty and administrative staff in January.

Dr. Hoops reported the Presidential Search and Screen Committee continues its work, and called on Sherrienne Standley, coordinator of the search, for a report. Mrs. Standley reported the Search and Screen process is on schedule and commended the Committee, whose members are engaged and intent on conducting an exceptional search. The Committee has narrowed the field of candidates and is in the process

of discovering more about those in the semifinalist pool. Because the process is highly confidential, she could not report on names or backgrounds, but she noted the Committee was encouraged by the quality of the applicants. Mrs. Standley plans for the Committee to meet its timeline so the University can welcome the finalists for public campus visits early in the Spring semester.

President Hoops noted the Trustees will be asked to approve candidates for degrees who will graduate in the Fall 2008 Commencement exercises. He invited the Trustees' participation in this, the University's third Fall Commencement, and asked Vice President Brinker to share the plans for this important event. Vice President Brinker reported the Commencement exercises will be held in the Physical Activities Center on Saturday, December 13, 2008. Due to an increased number of graduates, two ceremonies are planned. Degree candidates from the Colleges of Business, Nursing and Health Professions, and Science and Engineering will participate in the ceremony at 10:00 a.m. Degree candidates from the College of Education and Human Services, the College of Liberal Arts, and Extended Services will be honored in the ceremony at 1:00 p.m. The Commencement address for both ceremonies will be given by Professor Sherry B. Darrell. Dr. Darrell is a professor of English, the director of Humanities, and the 2008 Integra Bank Distinguished Professor.

E. APPROVAL OF CANDIDATES FOR DEGREES

Mr. Dunn called on Provost Bennett, who referred the Trustees to Exhibit I-A, a list of candidates for master, baccalaureate, and associate degrees to be conferred on December 13, 2008. Dr. Bennett recommended approval to award the degrees subject to the completion of all requirements.

On a motion by Mr. Schenck, seconded by Mr. Romain, the awarding of the degrees presented in Exhibit I-A, subject to the completion of all requirements, was approved. A copy of Exhibit I-A is appended to the file copy of these minutes.

F. APPROVAL OF DIVERSITY COMMITTEE

Mr. Dunn asked Vice President Brinker to review the recommendation to approve a Diversity Committee. Vice President Brinker reported that House Enrolled Act 1256, authorized by the 2007 Indiana General Assembly, requires each public institution of higher education to create a diversity committee. IC 21-27-8-7 requires the University's Board of Trustees to create a diversity committee to do the following:

- (1) Review and recommend faculty employment policies.
- (2) Review faculty and administration personnel complaints concerning diversity issues.
- (3) Make recommendations to promote and maintain cultural diversity among faculty members.
- (4) Make recommendations to promote recruitment and retention of minority students.
- (5) The diversity committee shall issue an annual report stating the findings, conclusions, and recommendations of the committee to the board.

On a motion by Mr. Ziemer, seconded by Ms. Johnson, the appointment of the following individuals to the Diversity Committee was approved:

Karen Altstadt, Administrative Associate, Publishing Services
Kirat Baath, Instructor in Biology
Deborah Carl, Professor of Dental Hygiene
Katherine Draughon, Director of Institutional Research and Assessment
Donna Evinger, Director, Human Resources
Timothy Jones, Manager of Foundation Accounting
Rose Scruggs, Library Associate
Joseph Uduehi, Associate Professor of Art Education
Linda Bennett, Provost and Vice President for Academic Affairs, ex officio
Cindy Brinker, Vice President for Government and University Relations, ex officio
Pamela Hopson, Director, Multicultural Center, ex officio
Rob Parrent, Vice President for Student Affairs, ex officio
Doug Goepfner, ADA Coordinator, ex officio
Adam Trinkel, Student Government Appointee, ex officio

SECTION II – FINANCIAL MATTERS

A. ANNUAL REPORT OF STUDENT FINANCIAL ASSISTANCE

Mr. Dunn called on Vice President Parrent, who introduced Director of Student Financial Assistance Mary Jo Harper for a summary of student financial assistance administered by the University during 2007-2008. Ms. Harper summarized trends in funding and distribution of financial aid. She reported the Student Financial Assistance Office served 7,238 enrolled and prospective students in 2007-2008. Applications for need-based assistance were submitted by 10,420 students and 19,060 awards totaling \$56,815,157 were administered by the University. Total funding increased by 8.9 percent over the previous year. Ms. Harper was pleased to report the University's Stafford Loan default rate was four percent and continues to be below the national average default rate. She referred the Trustees to additional information in the 2007-2008 Student Financial Assistance Programs Final Report, which is appended to the file copy of these minutes.

B. APPROVAL OF REVISED CREDIT FEE WAIVER POLICY

Mr. Dunn called on Vice President Brinker to review a recommendation to increase the fee waiver for credit courses and designated miscellaneous fees for spouses and dependents of eligible faculty and staff to 75 percent effective January 1, 2009. Vice President Brinker reported the University's fee waiver policy provides a waiver of one-half of student fees for spouses and dependents of eligible faculty and staff pursuing a baccalaureate degree or for the required credit hours to earn a master's degree. The fee waiver program also includes a waiver of 50 percent of designated miscellaneous fees for spouses and dependents of eligible faculty and staff.

In 2007, the Faculty Senate recommended a review of the fee waiver policy and an increase in the fee waiver to 75 percent for spouses and dependents of eligible faculty and staff.

Ms. Brinker noted fee waiver policies for other state supported institutions in Indiana were reviewed and an analysis of the utilization of the University's fee waiver policy for spouses and dependents of eligible faculty and staff was conducted.

On a motion by Mr. Ziemer, seconded by Mr. Boots, the recommendation to increase the fee waiver for credit courses and designated miscellaneous fees for spouses and dependents of eligible faculty and staff to 75 percent effective January 1, 2009, was approved.

C. REPORT OF THE FINANCE/AUDIT COMMITTEE

The Finance/Audit Committee met prior to the Board of Trustees meeting on November 6, 2008. Mr. Dunn called on Finance/Audit Committee Chair Jeff Knight for a report. Mr. Knight reported the Committee heard a report on audited financial statements and reviewed change orders on construction projects. It approved a recommendation to the Board of Trustees to approve a resolution regarding financing the Business and Engineering Center and University Center Projects. This recommendation will be presented in Item E. The Committee also approved a recommendation to the Board to approve a resolution regarding bank depositories and wire transfer authorizations. This recommendation will be presented in Item D.

D. APPROVAL OF RESOLUTION REGARDING BANK DEPOSITORIES AND WIRE TRANSFER AUTHORIZATIONS

Mr. Dunn asked Vice President Rozewski to review the recommendation of the Finance/Audit Committee regarding the *Resolution Regarding Bank Depositories and Wire Transfer Authorizations*. Mr. Rozewski reported that the resolution, last updated in July 2002, designates various banks as depositories and authorizes University staff to access accounts. He noted the resolution does not reflect any change in practice or banking relationships.

Upon the recommendation of the Finance/Audit Committee, the following *Resolution Regarding Bank Depositories and Wire Transfer Authorizations* was approved.

WHEREAS, the University wishes to update the list of banks designated as depositories in which funds may be deposited and to update the authorizations required for transactions with the depositories;

THEREFORE BE IT RESOLVED the Fifth Third Bank, Old National Bank of Evansville, Integra Bank, and US Bank be and hereby are designated as depositories in which funds of this Corporation may be deposited by its officers, agents and employees; and

FURTHER RESOLVED that the Treasurer is authorized to sign (including using facsimile signatures) any and all checks, drafts, and orders, including orders or directions in informal or letter form, against any funds at any time standing to the credit of this Corporation with said Bank, and that the said Bank hereby is authorized to honor any and all checks, drafts and orders so signed, including those drawn to the individual order of such officer without further inquiry or regard to the authority of said officer or the use of said checks, drafts, and orders, or proceeds thereof; and

FURTHER RESOLVED that the Treasurer or Assistant Treasurer of the University of Southern Indiana is authorized to enter into a Funds Transfer Agreement with the aforementioned Banks; and

FURTHER RESOLVED that the Treasurer, the Assistant Treasurer, the Controller, the Assistant Controller, the Manager of Payroll, the Manager of Accounting Services, and the Accounts Payable Supervisor be designated as the officers of the University authorized to make wire transfers; and

FURTHER RESOLVED that each of the foregoing resolutions shall continue in force until express written notice of its rescission or modification has been received by the said Bank, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed for the purpose of inducing the said Bank to act thereunder, that the said Bank shall be saved harmless from any loss suffered or liability incurred without such notice.

E. APPROVAL OF RESOLUTION OF DELEGATION AND OFFICIAL INTENT REGARDING FINANCING THE BUSINESS AND ENGINEERING CENTER PROJECT AND THE UNIVERSITY CENTER EXPANSION PROJECT

Mr. Dunn asked Vice President Rozewski to review the recommendation of the Finance/Audit Committee regarding financing the Business and Engineering Center Project and the University Center Expansion Project.

Mr. Rozewski reviewed the resolution which was prepared by the University's bond counsel, Ice Miller. Approval of the resolution is required prior to issuing \$50,350,000 in bonds for construction of the Business and Engineer Center and University Center Expansion projects. It describes how the funds will be used and states that the University intends to reimburse itself for project costs it has already incurred. The resolution also authorizes the Finance/Audit Committee to consummate the transaction on behalf of the Board of Trustees. Mr. Rozewski noted the resolution alone does not obligate the University to indebtedness. The transaction is scheduled to close in February 2009.

Upon the recommendation of the Finance/Audit Committee, the following *Resolutions of Delegation and Official Intent Regarding Financing the Business and Engineering Center Project and the University Center Expansion Project* was approved.

WHEREAS, the Board of Trustees (the "Board") of the University of Southern Indiana (the "University") has determined that a necessity exists to consider financing the acquisition, construction, expansion, renovation, rehabilitation and/or equipping of various facilities on the University's Evansville campus, as described in Exhibit A,

as well as related site preparation and other improvements and renovations (collectively, the "Projects"); and

WHEREAS, the Board of Trustees (the "Board") of the University of Southern Indiana (the "University") has full power and authority under and by virtue of the laws of the State of Indiana, including, more particularly, the provisions of Indiana Code 21-34-6 through 10, to issue bonds secured by Student Fees to finance and refinance academic and building facilities on its Evansville campus, including the Projects; and

WHEREAS, the University has heretofore executed and delivered to The Merchants National Bank of Terre Haute, as succeeded by Old National Trust Company, as Trustee (the "Trustee"), a certain Trust Indenture dated as of November 1, 1985 (the "Indenture"), for the purpose of securing its Student Fee Bonds issued from time to time thereunder; and

WHEREAS, the Board desires to authorize the Treasurer and Assistant Treasurer to investigate, develop, evaluate and present a plan of financing to the Board for the Projects together with any appropriate refunding opportunities ("Plan of Financing"); and

WHEREAS, the University intends to acquire, construct, equip, renovate and/or rehabilitate the Projects, and reasonably expects to advance its own funds therefor and to reimburse the advances for the Projects with proceeds of debt to be incurred by the University; and

NOW, THEREFORE, BE IT RESOLVED by this Board as follows:

The University hereby declares and reaffirms its official intent to acquire, construct, equip and/or rehabilitate the Projects described in Exhibit A (below); to reimburse certain costs of acquiring, constructing, equipping and/or rehabilitating the Projects with proceeds of debt to be incurred by the University; and to issue debt not exceeding \$50,350,000 in aggregate principal amount for purposes of financing, refinancing or reimbursing costs of the Projects.

The Treasurer and Assistant Treasurer are hereby authorized to develop and present to the Board or its Finance Committee the Plan of Financing for the financing of the Projects and the refunding of prior Bonds.

The Board hereby delegates to its Finance Committee the power to act in its stead and on its behalf to approve the Plan of Financing, to authorize the issuance of Bonds pursuant thereto, to authorize the execution of delivery of any document or agreement in connection with said Bonds, including any swap agreements related thereto, and to approve any other necessary or appropriate actions in connection therewith.

EXHIBIT A **PROJECT DESCRIPTION**

Business and Engineering Center – Construction of a new academic building which will house the College of Business as well as selected engineering and general classrooms/laboratories. The Business and Engineering Center will be a multi-level state of the art facility including more than 122,000 gross square feet. The budget for this project is \$36,375,000 of which \$6,475,000 will be used to refund interim financing. The facility will enable the University to:

- Provide a stimulating classroom environment that promotes the undergraduate educational experience;
- Support the integration of business, engineering and technology curricula; and
- Provide a common place to link University faculty and members of the region's business community.

University Center Expansion – The University has also received \$13,750,000 in bonding authority from the Indiana General Assembly to renovate and expand the existing University

Center. The project is budgeted at \$17,650,000 of which \$3,900,000 will be directly funded from University reserves. Once the facility is complete it will include space for extended services operations, special events, expanded student programming, food services and bookstore. Additional student lounge spaces and conferencing capability will be added as a result of the expansion project.

F. APPROVAL OF PROPERTY LEASE

Mr. Dunn asked Vice President Rozewski to review a recommendation regarding approval of a property lease. Mr. Rozewski recommended a proposal to authorize the Vice President for Business Affairs enter into an oil lease with Pioneer Oil Company.

On a motion by Mr. Ziemer, seconded by Mr. Knight, authorization to enter into a lease with Pioneer Oil Company was approved.

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

Mr. Dunn called on Vice President Brinker who referred the Trustees to agenda items G. through K., all of which are related to the renewal of the University's health and dental insurance, voluntary vision plan, and flexible benefit plan. She introduced Donna Evinger, director of Human Resources, for a presentation of these renewals. Ms. Evinger summarized employee participation in each plan, the amount of premiums paid by the University and the employee, the average cost of claims, and issues considered during the renewal process. She reviewed two health insurance programs through Anthem Blue Cross/Blue Shield

The University of Southern Indiana offers two health insurance programs through Anthem Blue Cross/Blue Shield - the Blue Access 200 Plan (Preferred Provider Organization - PPO) and the Blue Access 500 Plan (Preferred Provider Organization - PPO).

A comprehensive review of claims from both Anthem health plans indicates medical and drug claims totaled 97.7 percent of paid premiums under the Cost Plus funding arrangement from July 2007 through June 2008. The experience rate was 78.2 percent if claims in excess of the specific stop loss, \$125,000, are not included in total paid claims. Anthem projects an increase of approximately 14 percent in claims in 2009 based on trend factors of 13 percent for medical and 15.5 percent for prescription drugs.

In 2008, the University continued the use of the Cost Plus financial arrangement implemented in 2005. 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, 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 University will continue to provide prescription drug coverage to retirees according to the guidelines set forth by the Medicare Prescription Drug Improvement and Modernization Act of 2003 (Medicare Part D). The Blue Access 200 Plan provides creditable prescription drug coverage based on an actuarial attestation of the plan. The University receives a federal subsidy for providing the prescription drug coverage for retirees.

The following items provide 2009 plan renewal information for the Anthem Blue Cross/Blue Shield Group Health Insurance and Health Resources, Inc. Dental Plans.

BLUE ACCESS PLAN – (PREFERRED PROVIDER ORGANIZATION: PPO)

The Blue Access 200 Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The Blue Access 200 Plan was first offered with the 2007 renewal. Ms. Evinger recommended a change to the plan in 2009 is to increase the deductible from \$200 to \$300. Effective January 1, 2009, the plan will be referred to as the Blue Access 300 Plan. The following monthly premium rates for the Blue Access 300 Plan are recommended for a 12-month period beginning January 1, 2009.

The proposed medical premium rates for the Blue Access 300 Plan for 2009 reflect a 13 percent increase for single memberships, an 11.3 percent increase for employee and child(ren) memberships, an 11.1 percent increase for employee and spouse memberships, and a 13 percent increase for family memberships for active employees. The proposed medical premium rates for the Blue Access 300 Plan for 2008 reflect a 13 percent increase for retiree (over 65) memberships.

Ms. Evinger recommended the following plan design changes for 2009:

- Deductible – Increase from \$200 to \$300 per individual and \$400 to \$600 per family in-network; \$400 to \$600 per individual and \$400 to \$800 per family non-network
- Out-of-Pocket Maximum – Increase out-of-pocket maximum from \$1,000 to \$1,500 per individual and \$2,000 to \$3,000 per family in-network; \$2,000 to \$3,000 per individual and \$4,000 to \$6,000 per family non-network
- Co-insurance – Change from 90%/10% to 80%/20% in-network and 70%/30% to 60%/40% non-network
- Specific Stop Loss Coverage – Increase from \$125,000 to \$200,000

For 2009, the University proposes continuation with the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2009, for Health Resources, Inc. dental insurance reflect a 3 percent rate increase for single, employee and child(ren), employee and spouse, and family memberships. A comprehensive review of claims paid by Health Resources, Inc. indicates dental claims totaled 90.4 percent of paid premiums for the time period of July 2007 through June 2008. The renewal rates effective January 1, 2009, are determined by claims experience by membership group for USI employees and dependents.

The 2009 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield - Blue Access 300 Plan and Health Resources, Inc. provide the primary health/dental insurance for 377 active employees and 154 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.

Ms. Evinger recommended renewal of the master policies with Anthem Blue Cross/Blue Shield – Blue Access 300 Plan, including plan design changes, and Health Resources, Inc. with the following rate schedule using the Cost Plus financial arrangement.

**2009 MONTHLY PREMIUM RATES
ANTHEM BLUE CROSS/BLUE SHIELD – BLUE ACCESS 300 PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2009 TOTAL MONTHLY PREMIUM</u>	<u>2008 TOTAL MONTHLY PREMIUM</u>
Single	\$496.68	\$23.53	\$8.50	\$528.71	\$470.88
Employee + Child(ren)	\$821.33	\$57.47	\$22.00	\$900.80	\$815.58
Employee + Spouse	\$1,088.97	\$48.68	\$22.00	\$1,159.65	\$1,049.74
Family	\$1,355.34	\$83.99	\$22.00	\$1,461.33	\$1,302.94
Over 65 (Retired)	\$365.63	\$23.53	\$8.50	\$397.66	\$322.89*

* Rate adjusted for Medicare Part D Subsidy

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

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, 2009.

The proposed medical premium rates for the Blue Access 500 Plan for 2009 reflect a 16.9 percent increase for single memberships, a 13 percent increase for employee and child(ren), a 13 increase for employee and spouse memberships, and a 16.3 percent increase for family memberships for active employees. The proposed medical premium rates for the Blue Access 500 Plan for 2009 reflect a 13.3 percent increase for retiree (over 65) memberships.

Ms. Evinger recommended the following plan design changes for 2009:

- Prescription Drug Co-payment – Increase from \$10/\$30/50% to \$15/\$40/\$60
- Specific Stop Loss Coverage – Increase from \$125,000 to \$200,000

For 2009, the University proposes continuation with the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2009, for Health Resources, Inc. dental insurance reflect a 3 percent rate increase for single, employee and child(ren), employee and spouse, and family memberships. A comprehensive review of claims paid by Health Resources, Inc. indicates dental claims totaled 90.4 percent of paid premiums for the time period of July 2007 through June 2008. The renewal rates effective January 1, 2009, are determined by claims experience by membership group for USI employees and dependents. The 2009 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 291 active employees and two 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 300 Plan.

Ms. Evinger recommended approval to renew 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.

**2009 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>2009 TOTAL MONTHLY PREMIUM</u>	<u>2008 TOTAL MONTHLY PREMIUM</u>
Single	\$444.37	\$23.53	\$8.50	\$476.40	\$411.36
Employee + Child(ren)	\$734.83	\$57.47	\$22.00	\$814.30	\$727.98
Employee + Spouse	\$974.27	\$48.68	\$22.00	\$1,044.95	\$931.32
Family	\$1,212.59	\$83.99	\$22.00	\$1,318.58	\$1,146.30
Over 65 (Retired)	\$328.01	\$23.53	\$8.50	\$360.04	\$320.88

On a motion by Mr. Knight, seconded by Mr. Ziemer, renewal of the master policies with Anthem Blue Cross/Blue Shield and Health Resources, Inc., as outlined in Item G.; approval of the Anthem wellness initiatives outlined in Item H.; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item I.; renewal of the voluntary vision plan outlined in Item J.; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item K was approved.

H. APPROVAL OF ANTHEM WELLNESS INITIATIVES

Ms. Evinger recommended the University add several wellness initiatives to the Anthem Blue Access Plans as an additional step toward controlling claims expense. The recommended initiatives include:

- Future Moms: support from trained obstetrical nurses to provide maternity management to help expectant parents have a healthy pregnancy and delivery;
- ConditionCare: assistance from registered nurses for members to better manage and improve chronic health conditions; and
- 24/7 NurseLine: access to a 24/7 NurseLine in which experienced registered nurses provide information concerning general health questions and guidance with critical health issues.

The University also recommends implementation of MyHealthAdvantage which utilizes integrated information systems and data analytics to enhance early detection of potential health issues for participants. MyHealth Advantage provides members and their doctors with information about evidence-based standards that can facilitate better health care choices.

Ms. Evinger explained that these programs are specifically designed to help improve the health of participants and to better control health care costs. The per-participant cost for Future Moms, ConditionCare, and 24/7 NurseLine is \$2.64 per month. The per-participant cost for MyHealthAdvantage is \$1.63 per month. It is recommended that the wellness initiatives include coverage for active members and retirees under age 65 and that the University pay the total monthly cost. These programs are recommended based on the return-on-investment experienced over a three-year period by users of the programs.

Ms. Evinger recommended approval to contract with Anthem to provide the wellness initiatives: Future Moms, ConditionCare, and 24/7 NurseLine, MyHealthAdvantage at the quoted per-participant rates for a 12-month period beginning January 1, 2009.

On a motion by Mr. Knight, seconded by Mr. Ziemer, renewal of the master policies with Anthem Blue Cross/Blue Shield and Health Resources, Inc., as outlined in Item G.; approval of the Anthem wellness initiatives outlined in Item H.; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item I.; renewal of the voluntary vision plan outlined in Item J.; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item K was approved.

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

The University of Southern Indiana has offered Welborn HMO/Health Resources, Inc. as an alternative health/dental benefit program since October 1988. Welborn Health Plans is administered locally and currently provides services to approximately 35,000 members in the local area. In 2007, Welborn added a national network, Multiplan/PHCS, to provide in-network benefits to employees who live outside the local area. The enhanced network is an added benefit for active employees, dependents, and retirees who live outside the local service area.

A comprehensive review of USI claims for the Welborn HMO indicates medical and prescription drug claims totaled 103.2 percent of paid premiums for the time period of July 2007 through June 2008.

Due to Medicare regulations effective in 2008, Welborn is no longer able to offer retiree (over 65) memberships within the University plan and similar employer plans. Welborn was able to grandfather the retiree coverage of those who participated in the plan prior to January 1, 2008.

The proposed medical premium rates for the Welborn HMO for 2009 reflect a 7.4 percent rate increase for active employee memberships.

Ms. Evinger recommended the following plan design changes for 2009:

- Deductible – Increase from \$200 to \$250 per individual and \$400 to \$500 per family
- Out-of-Pocket Maximum – Increase out-of-pocket maximum from \$1,000 to \$1,500 per individual and \$2,000 to \$3,000 per family
- Prescription Drug Co-payment – Increase from \$10/\$30/\$50 to \$15/\$35/\$50

The 12-month renewal rates effective January 1, 2009, for Health Resources, Inc. dental insurance reflect a 3 percent rate increase for single, employee and child(ren), employee and spouse, and family memberships. A comprehensive review of claims paid by Health Resources, Inc. indicates dental claims totaled 90.4 percent of paid premiums for the time period of July 2007 through June 2008. The renewal rates effective January 1, 2009, are determined by claims experience by membership group for USI employees and dependents.

The 2009 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 115 active employees and 23 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.

Ms. Evinger recommended renewal of the master policies with Welborn HMO, including plan design changes, and Health Resources, Inc. with the following rate schedule.

**2009 MONTHLY PREMIUM RATES
WELBORN HMO**

	<u>WELBORN MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2009 TOTAL MONTHLY PREMIUM</u>	<u>2008 TOTAL MONTHLY PREMIUM</u>
Single	\$375.02	\$23.53	\$8.50	\$407.05	\$380.52
Employee + Child(ren)	\$724.13	\$57.47	\$22.00	\$803.60	\$752.04
Employee + Spouse	\$804.19	\$48.68	\$22.00	\$874.87	\$818.04
Family	\$1,128.13	\$83.99	\$22.00	\$1,234.12	\$1,153.94
Over 65 * (Retired)	\$340.77	\$23.53	\$8.50	\$372.80	\$320.75

* *Expected 2009 medical premium rates applicable to retirees who participated in the plan prior to January 1, 2008*

On a motion by Mr. Knight, seconded by Mr. Ziemer, renewal of the master policies with Anthem Blue Cross/Blue Shield and Health Resources, Inc., as outlined in Item G.; approval of the Anthem wellness initiatives outlined in Item H.; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item I.; renewal of the voluntary vision plan outlined in Item J.; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item K was approved.

J. APPROVAL TO RENEW VOLUNTARY VISION PLAN

Ms. Evinger reported the Spectera Vision Plan was first offered in 2006 in response to an employee interest survey. Premiums for this voluntary benefit are paid in full by employees. Spectera, founded over 40 years ago for the purpose of providing vision care benefits, is now a subsidiary of United Health Group. On August 1, 2008, Spectera began marketing its vision plan as UnitedHealthcare Vision. The vision plan's network has grown to over 24,000 national providers and has expanded its local network. Currently, 297 or 31.6 percent of eligible employees participate in the voluntary vision plan. Renewal rates effective January 1, 2009, will increase approximately three percent for a 12-month guarantee period.

She recommended renewal of the contract with UnitedHealthcare Vision beginning January 1, 2009, for continuation of the voluntary vision benefit.

On a motion by Mr. Knight, seconded by Mr. Ziemer, renewal of the master policies with Anthem Blue Cross/Blue Shield and Health Resources, Inc., as outlined in Item G.; approval of the Anthem wellness initiatives outlined in Item H.; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item I.; renewal of the voluntary vision plan outlined in Item J.; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item K was approved.

K. APPROVAL OF SECTION 125 FLEXIBLE BENEFIT PLAN ADMINISTRATIVE FEE

The Section 125 Flexible Benefit Plan, 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 99.5 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 2007 plan year, University savings were \$164,655 due to reduced FICA tax (Social Security and Health Insurance).

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, 2009.

Ms. Evinger recommended renewal of the contract with The Nyhart Company beginning January 1, 2009, to administer the Section 125 Flexible Benefit Plan with the quoted per-participant rate.

On a motion by Mr. Knight, seconded by Mr. Ziemer, renewal of the master policies with Anthem Blue Cross/Blue Shield and Health Resources, Inc., as outlined in Item G.; approval of the Anthem wellness initiatives outlined in Item H.; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item I.; renewal of the voluntary vision plan outlined in Item J.; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item K was approved.

L. UPDATE ON CURRENT CONSTRUCTION PROJECTS

Mr. Dunn called on Vice President Rozewski for a report on current construction projects. Mr. Rozewski introduced Director of Facilities Operations and Planning Steve Helfrich who began by reporting on projects

recently completed, including the McCutchan Art Center, the Residence Life Community Center in the McDonald Apartment Complex, an electric service installation, the Wright Administration Building roof system, and Phases II and III of the Science Center renovation.

Mr. Helfrich reported the Business and Engineering Center site work has been completed and a utility tunnel to connect the building to the central heating and cooling plant is under construction. Plumbing and electrical contractors soon will install underground utility piping in preparation for pouring the lower level floor. Structural steel framing for the building is scheduled to arrive in December.

The expansion of the Recreation and Fitness Center is approximately 50 percent complete and is scheduled to open in summer 2009. The new Support Services Building is scheduled for completion in December. The building will house maintenance shops, mailroom and distribution services, and offices of Procurement and Risk Management. Mr. Helfrich reported the Ceramics Center will be complete in time for Spring semester classes in January 2009.

He reported on projects in design including the Campus Entrance and Loop Road project which is in the final stages of design. Construction will begin in May. Mr. Helfrich noted the normal flow of traffic will be disrupted throughout the summer and the roundabout will be open for the Fall semester. Final plans are under review for the University Center Expansion project, which is scheduled to be out for bids in January 2009. Other projects in the design phase are a central heating and cooling plant, expansion of several parking lots, and a water storage tank on the east end of campus. The water tower is a project funded by the Evansville Water and Sewer Utility. Vanderburgh County is funding the construction of a bike and multi-use path from Broadway Avenue to the varsity baseball field through property owned by the USI Foundation. The University plans to extend the path from the baseball field to the Recreation and Fitness Center so there is a natural starting point for the trail in the heart of the campus.

OTHER BUSINESS

Mr. Boots moved that the Board of Trustees authorize the title of Chancellor for Dr. H. Ray Hoops following his retirement from the position of President and authorize the Chair of the Board of Trustees to develop and execute a satisfactory contract letter to utilize Dr. Hoops on a less than full-time basis to continue work in resource development. Mr. Boots noted it is understood in his motion that Dr. Hoops would be responsible directly to the Board of Trustees and this appointment would be designed so as not to impinge on the prerogatives or authority of the new president.

The motion was seconded by Mr. Knight and approved.

There being no further business, the meeting adjourned at 3:58 p.m.

Respectfully submitted,



Amy MacDonell
Secretary

EXHIBIT I-A
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UNIVERSITY OF SOUTHERN INDIANA
December 13, 2008

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2007-2008 Student Financial Assistance Programs Final Report

University of Southern Indiana

November 6, 2008

Executive Summary

This is the final report of prior year student financial assistance 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 2007-2008 report are:

◆ Service Profiles

- 10,430 FAFSA applications (for need-based assistance) were submitted, a decrease of 32 applications (0.3 percent) compared to the previous year.
- Student Financial Assistance provided aid to 7,238 enrolled students, down 64 students (0.9 percent) from the previous year.
- 19,060 awards totaling \$56,815,157 were administered by various offices of the University; up \$4,652,882 (8.9 percent).

◆ Trends in Funding by Source

- Federal student aid funding was up \$3,190,834 (9.3 percent).
- Indiana student aid funding was up \$299,126 (5.5 percent).
- University student aid funding was up \$501,663 (9.8 percent).
- USI Foundation student aid funding was up \$174,348 (19.1 percent).
- USI Varsity Club funding of scholarships was down \$150 (0.1 percent).
- Corporate and private student aid funding was up \$487,061 (7.6 percent).

◆ Distribution of Aid by Source

- Federal \$37,331,240 (65.7 percent)
- State of Indiana \$5,749,247 (10.1 percent)
- University of Southern Indiana \$5,595,252 (9.9 percent)
- USI Foundation \$1,089,330 (1.9 percent)
- USI Varsity Club \$191,850 (.3 percent)
- Private Sources \$6,858,238 (12.1 percent)

◆ Trends in Funding by Type

- Gift aid in the form of grants or scholarships was up \$1,618,132 (8.5 percent).
- Self-help in the form of loans was up \$2,955,485 (9.3 percent).
- Self-help in the form of on-campus employment was down \$79,265 (6.2 percent).

◆ Distribution of Aid by Type

- Gift aid - grants and scholarships \$20,680,160 (36.4 percent)
- Self-help in the form of loans \$34,770,861 (61.2 percent)
- Self-help in the form of on-campus employment \$1,364,136 (2.4 percent)

2007-2008 Student Financial Aid Programs Final Report

University of Southern Indiana

November 6, 2008

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 Banner administrative system on October 22, 2008. 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

Students and prospective students submitted 10,430 Free Applications for Federal Student Aid (FAFSA) for "need-based" assistance. Of this number, 7,238 enrolled in 2007-2008 and 6,378 received aid. Total FAFSA applications were down slightly over the prior year.

The University administered 19,060 awards for a total of \$56,815,157 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	9,231	\$37,331,240	65.7	65.4
State of Indiana	2,548	5,749,247	10.1	9.5
USI	4,194	5,595,252	9.9	10.8
USI Foundation	841	1,089,330	1.9	1.8
USI Varsity Club	102	191,850	.3	.4
Private Sources	2,144	6,858,238	12.1	12.1
Totals	19,183	\$56,815,157	100	100

Growth trends in student financial assistance are summarized below.

<i>Activity Indicators</i>	<i>2004-2005</i>	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008</i>
Need-based Applications	+4.2%	+2.7%	+1.1%	-0.3%
Number of Awards	+5.7	-0.2	+2.5	+1.7
Total Dollar Volume	+10.7%	+1.8%	+10.8%	+8.9

Student financial assistance may be categorized by aid type: grants; loans; and employment. In 2007-2008, 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	10,640	\$20,680,160	36.4	36.5
Loans	7,391	34,770,861	61.2	61.0
Employment	1,029	1,364,136	2.4	2.5
<i>Totals</i>	<i>19,060</i>	<i>\$56,815,157</i>	<i>100</i>	<i>100</i>

The foundation of financial aid packages for exceptionally needy students is the Pell Grant. The number of Pell Grant recipients increased 2.7 percent following a 2.7 percent decrease in 2006-2007. Total Pell dollars increased about 8.8 percent following about a one-quarter percent decrease in the prior year. This compares to a Stafford Loan dollar volume increase of 10.6 percent.

Two new federal programs were added in 2006-2007 as supplements to the Pell Grant program. The Academic Competitiveness Grant rewards needy students for completion of a rigorous high school program. The National SMART Grant targets majors which are considered vital to our national security.

Total Indiana funding was up 5.5 percent following a 6 percent increase in 2006-2007. Indiana Higher Education Award funding was up 4.6 percent compared to an 8.2 percent increase in the prior year.

Changes in funding levels are summarized by source below.

<i>Source</i>	<i>2004-2005</i>	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008</i>
Federal Government	+10%	+1.5%	+4.8%	+9.3%
State of Indiana	+18	+1.6	+6	+5.5
USI	+3	+6.4	+1	+9.8
USI Foundation	+5	+11.9	+10.3	+19.1
USI Varsity Club	+2	+38.4	-21	-0.1
Private Sources	+25	+1.6	+99.3	+7.6
<i>Aggregate Change</i>	<i>+11%</i>	<i>+1.8%</i>	<i>+10.8%</i>	<i>+8.9%</i>

Aggregate borrowing for Stafford Student Loan recipients among the Class of 2008 baccalaureate graduates averaged \$19,242. This figure is up 5.4 percent from the 2007 class average of \$18,262. Among year 2008 masters' degree recipients, aggregate borrowing averaged \$34,837, including both graduate and undergraduate borrowing. This figure represents an increase of 15 percent over the prior year. A three-year summary of USI's Stafford Loan default rates appears below.

<i>Fiscal Year</i>	<i>Stafford Loan Default Rate</i>
2004	3.7%
2005	2.6%
2006	4.0%

For FY 2006, the national average default rate is 5.2 percent with the Indiana rate at 4.4 percent. Nationwide, public 4-year colleges with graduate programs have an average 4.7 percent 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 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.

TABLE II - INSTITUTIONAL FINANCIAL ASSISTANCE PROGRAM SUMMARY
October 21, 2008

	2005-2006		2006-2007		2007-2008	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
1. Academic Achievement Award	15	12,803	18	15,500	15	14,000
2. Academic Excellence Award	22	99,590	24	116,393	19	84,827
3. Athletic Grant-in-Aid (a)	195	514,207	201	619,980	374	821,850
4. B/MD Scholarship	13	29,876	16	53,952	19	41,741
5. Child of Employee Fee Remission	91	118,463	95	146,169	110	142,965
6. Departmental/Study Abroad Scholarship	1,078	1,093,664	1,150	1,249,760	1,156	1,340,446
7. Non-Resident Top Scholars Award	10	55,350	24	139,492	30	187,573
8. Employee Fee Remission	130	166,916	126	188,525	108	166,238
9. Fifth-Year Non-Resident Fee Remission	7	23,593	8	15,549	5	22,038
10. General (b)	502	294,585	74	181,711	108	209,168
11. Non-Resident Grant	323	694,790	303	625,361	235	574,860
12. Regional Academic Scholarship	0	0	1	1,056	31	150,958
13. Retired Individuals Fee Remission	2	1,406	6	2,253	2	946
14. Resident Assistants Room/Board	65	203,565	75	280,812	73	301,689
15. Spouse of Employee Fee Remission	25	18,647	23	20,107	29	30,252
16. Spouse of Full-time Student Remission	0	0	0	0	0	0
17. USI Bookstore Scholarship	0	0	5	10,000	5	9,830
18. 21st Century Textbook Awards	224	40,500	165	30,700	189	36,000
Fee Remit/Grant-in-Aid Subtotals	2,702	3,367,955	2,314	3,697,320	2,508	4,135,381
19. Short-Term Loans for Book and Supplies	1,049	464,814	920	308,032	856	360,900
20. Institutional Student Employment (c)	910	1,195,067	903	1,088,237	830	1,098,971
Totals for All Programs	4,661	5,027,836	4,137	5,093,589	4,194	5,595,252

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

(b) General fee remissions and/or scholarships are given for English 490 tutors, Education 490 tutors, graduate assistants, international exchange students, USI's Japanese instructor, the Student Activities Book Stipend, the USI Institutional Scholarship, and the Student Housing Association (SHA) Leadership Scholarships. Starting in 2006-2007, the College Achievement Program (CAP) is no longer part of the General Fee Remission program.

(c) The number of awards is estimated.

TABLE I - SUMMARY OF STUDENT FINANCIAL ASSISTANCE PROGRAMS
October 21, 2008

	2005-2006		2006-2007		2007-2008	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
A. Federal Programs						
1. Pell Grants	2,284	5,614,038	2,232	5,603,541	2,292	6,097,474
2. Academic Competitiveness	0	0	418	283,351	452	324,898
3. National SMART Grants	0	0	45	109,494	26	80,795
4. Supplemental Grants (a)	408	358,339	339	195,634	401	237,567
5. Federal Work Study (b)	111	162,061	141	194,634	199	265,165
6. Stafford (Student) Loans	4,762	20,227,820	4,823	22,727,468	4,954	25,137,907
7. Parent PLUS Loans	867	5,109,617	665	4,023,325	675	4,033,269
8. Veterans' Benefits	233	975,990	254	932,296	195	1,087,759
9. Graduate Nursing Stipend	38	69,162	44	70,663	37	66,406
Federal Totals	8,703	32,517,027	8,961	34,140,406	9,231	37,331,240
B. State Programs						
1. Higher Education Awards	1,552	3,385,129	1,638	3,643,701	1,626	3,811,292
2. Part-Time Higher Ed Awards	136	107,394	122	106,275	119	108,930
3. Hoosier Scholarships	15	7,500	21	10,500	19	9,500
4. 21st Century Scholarships	479	792,312	484	862,373	501	960,914
5. Vocational Rehabilitation	60	181,217	64	156,088	46	146,616
6. State Work Study	1	252	0	0	0	0
7. Other State Scholarships	44	70,246	35	48,100	38	47,760
8. National Guard Supp. Grant	47	105,876	47	106,275	31	89,752
9. Child of Disabled Veteran	184	530,866	167	516,809	168	574,483
State Totals	2,518	5,180,792	2,578	5,450,121	2,548	5,749,247
C. Institutional Programs (See Table II)	4,661	5,027,836	4,137	5,093,589	4,194	5,595,252
D. USI Foundation Programs	623	829,374	688	914,982	841	1,089,330
E. USI Varsity Club Athletic Aid (c)	115	242,941	100	192,000	102	191,850
F. Corporate and Private Programs	1,734	3,195,773	2,279	6,371,177	2,144	6,858,238
Totals for All Programs	18,354	46,993,743	18,743	52,162,275	19,060	56,815,157

(a) Federal Supplemental Grants include only federal funds but require a 25% 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 public service agencies such as those affiliated with the United Way.

(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.

EXHIBIT II-A

**RESOLUTION REGARDING BANK DEPOSITORIES
AND WIRE TRANSFER AUTHORIZATIONS**

WHEREAS, the University wishes to update the list of banks designated as depositories in which funds may be deposited and to update the authorizations required for transactions with the depositories;

THEREFORE BE IT RESOLVED the Fifth Third Bank, Old National Bank of Evansville, Integra Bank, and US Bank be and hereby are designated as depositories in which funds of this Corporation may be deposited by its officers, agents and employees; and

FURTHER RESOLVED that the Treasurer is authorized to sign (including using facsimile signatures) any and all checks, drafts, and orders, including orders or directions in informal or letter form, against any funds at any time standing to the credit of this Corporation with said Bank, and that the said Bank hereby is authorized to honor any and all checks, drafts and orders so signed, including those drawn to the individual order of such officer without further inquiry or regard to the authority of said officer or the use of said checks, drafts, and orders, or proceeds thereof; and

FURTHER RESOLVED that the Treasurer or Assistant Treasurer of the University of Southern Indiana is authorized to enter into a Funds Transfer Agreement with the aforementioned Banks; and

FURTHER RESOLVED that the Treasurer, the Assistant Treasurer, the Controller, the Assistant Controller, the Manager of Payroll, the Manager of Accounting Services, and the Accounts Payable Supervisor be designated as the officers of the University authorized to make wire transfers; and

FURTHER RESOLVED that each of the foregoing resolutions shall continue in force until express written notice of its rescission or modification has been received by the said Bank, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed for the purpose of inducing the said Bank to act thereunder, that the said Bank shall be saved harmless from any loss suffered or liability incurred without such notice.