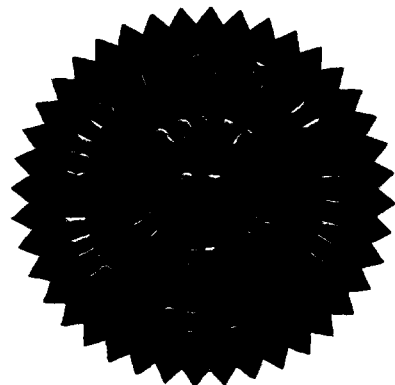


MINUTES

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

November 4, 2004



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The University of Southern Indiana Board of Trustees met in regular session on Thursday, November 4, 2004, in Carter Hall in the University Center. Present were Chair J. David Huber and Trustees Bruce H. Baker, Louise S. Bruce, Mark A. Day, Frank F. McDonald II, G. Patrick Hoehn, Harolyn G. Torain, and Samuel J. Tucker. 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 Robert W. Ruble; Vice President for Advancement Sherrienne M. Standley; Faculty Senate Chair Mark Krahling; and Student Government Association President Eric Sharp.

There being a quorum present, the meeting was called to order at 1:10 p.m.

SECTION I - GENERAL AND ACADEMIC MATTERS

A. APPROVAL OF MINUTES OF SEPTEMBER 2, 2004 MEETING

On a motion by Mr. Hoehn, seconded by Mr. McDonald, the minutes of the September 2, 2004, 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 13, 2005, in Indianapolis, Indiana. Vice President Standley reported that a legislative event will be held in connection with the meeting.

C. REPORT OF THE LONG-RANGE PLANNING COMMITTEE

Mr. Huber called on Mr. Baker, chair of the Long-Range Planning committee, for a report. Mr. Baker reported that the committee met prior to the Board of Trustees meeting on November 4, 2004, and approved a recommendation for a new degree program, the Bachelor of Arts/Bachelor of Science with a major in Food and Nutrition. He reported that the Board of Trustees will be asked to approve the program later in its agenda.

Mr. Baker reported that the committee was informed that the Faculty Senate and University administration are in discussions about the re-naming of the University's academic units, currently called "schools", to "colleges". The new name would reflect the increasing complexity of the units. A recommendation will be made to the Board of Trustees at a later date.

The Long-Range Planning Committee heard a report on current programs and activities in the Bower-Suhrheinrich School of Education and Human Services.

D. PRESIDENT'S REPORT

President Hoops congratulated Professor Jeanette Maier-Lytle and her team of USI students who captured first place in the Indiana CPA Society Case Study competition. Teams from nine Indiana colleges entered the competition by submitting written cases that they had only 10 days to prepare. Six teams were named finalists and invited to make oral presentations. Other finalists included Indiana University and Notre Dame. USI has placed in the final six in three of the last four years.

Dr. Hoops was pleased to report that seven public accounting firms have been heavily recruiting on campus this fall, with nearly 100 interviews conducted in the Career Services and Placement Office. Many of the recruiters already have extended offers to USI candidates.

Dr. Hoops also reported that USI engineering professor Laura Ruhala is entering a partnership with trauma surgeon Dr. Dennis Beck and Deaconess Hospital to create a Center for Bone and Joint Care. Grants will

cover the creation of a state-of-the-art biomechanics lab on campus and provide financial support for Dr. Ruhala and a talented engineering student assistant. They will be seeking FDA approval for a clamp with which Dr. Ruhala has been involved. President Hoops noted that Dr. Ruhala is a member of the Mayor's BioScience and LifeScience Commission which has a goal of drawing biomedical manufacturers to Evansville, and that having engineering students graduate with experience in biomechanics should be a draw for these companies.

The president called on Provost Bennett, who introduced Professors Marie Hankins and Jeff Seyler for a report on the USI chemistry program. Dr. Bennett thanked Dr. Hankins, who will retire from the USI faculty in 2005, for her profound impact on chemistry education at USI and in the community. Dr. Seyler began the presentation with information about the chemistry faculty and the many opportunities for research experiences for undergraduates and internships. Three students, Richard Lord, Matt Brittain, and James Wright, shared their experimental work and research. Mr. Lord talked about his research in the field of computational chemistry and his work in a summer fellowship at University of Georgia's Center for Computational Chemistry, one of three institutions in the country dedicated to this field of study. Mr. Brittain reported on his work in the area of biochemistry and his research involving the study of parasitic organisms and capillary electrophoresis protein extraction. Mr. Wright presented information about his work in computational and experimental studies on epoxidations of prenylated phenols. Dr. Marie Hankins reported on the excellent record of USI students in chemistry field testing, the graduate schools attended by USI chemistry graduates, and employers for whom the University's graduates work. Dr. Hankins concluded her report with reflections on her years at USI and her appreciation for the institution and her colleagues. Dr. Hoops noted that Professor Hankins has encouraged her students to develop leadership skills and, of special interest to the Board of Trustees, has encouraged talented students to apply for the position of student trustee. Of those students, Nicole Cable Hume, Brian Pauley, Walter Jermakowicz, and Sam Tucker have all been appointed student trustee. He expressed appreciation to Dr. Hankins and wished her well in retirement.

President Hoops noted that the reputation of the USI Chemistry Department is one of the reasons that Jim Hoover, a GE Plastics senior chemist, chose USI to receive a \$25,000 grant for undergraduate research. Mr. Hoover won the GE Edison Award, which carries with it a \$25,000 gift to any college in the world, for recent technical contributions that have made a significant impact on the future vitality of GE's business. Mr. Hoover has worked closely with a USI Presidential Scholar alumnus at GE and that relationship led to the gift. At USI, the gift will be used to benefit the chemistry department's capabilities in polymer analysis, instrument training, and undergraduate research in polymer chemistry.

Dr. Hoops called on Faculty Senate Chair Mark Kraehling for a report. Dr. Kraehling reported that the Faculty Senate's standing committees have begun their work for the year. He reported that the senate is discussing two academic issues, the first of which regards credits for pass/no pass classes. The second relates to faculty awards programs and ways to increase faculty participation in these programs. The Senate continues to gather data regarding the evaluation of faculty teaching and Dr. Kraehling noted that the Senate has recently begun a review of student preparation levels.

Dr. Hoops reported that the University recently entertained its President's Associates, donors who contribute \$1,000 or more annually or who have given \$50,000 or more in their lifetime, at events in Evansville and Indianapolis. A new donor recognition plaque featuring names of donors with substantial lifetime contributions hangs in the corridor outside the University Suite in the University Center. President Hoops announced that in the past fiscal year, members of the President's Associates contributed \$7.3 million in charitable gifts, representing 93 percent of the total \$7.8 million in gifts to benefit USI.

At an earlier meeting, the trustees asked to learn more about "My USI", the University's web portal to many of USI's online services. Dr. Hoops asked Vice President Ruble to introduce Robert Threet and Jim Jones of the USI Computer Center for a report on "My USI". Mr. Threet and Mr. Jones reported that MyUSI is a gateway to all online systems at USI that requires only a single sign-on and password and may be customized to users' needs. They demonstrated how MyUSI provides real-time access to services for student grades and registration data and to employee payroll information. An advantage of MyUSI is that interactions are not limited by business hours and information is easily delivered to any subgroup without delay. Mr. Threet reported that MyUSI is designed to be dynamic and that usage of the system is increasing.

President Hoops called on Eric Sharp, President of the Student Government Association, who reviewed SGA's efforts to raise student awareness throughout the national and state election processes, including sponsoring

candidates' visits to campus. He reported that SGA sponsored its annual Alcohol Awareness Week which included a simulation of the effects of drunk driving. SGA will again work to increase student attendance at men's and women's basketball games. Mr. Sharp reported that SGA was involved in planning a tailgate party to precede the Vectren Community Classic scheduled for November 6, 2004. He expressed appreciation to the University for providing funds for student tickets and t-shirts for the event and he presented each trustee with a "Rumble at Roberts" t-shirt.

Dr. Hoops concluded his report by noting that each trustee was presented with a copy of *Evansville: At the Bend in the River*, a coffee table book on the history of the community. The original book was edited by the late Kenneth McCutchan, who was one of the University's closest friends. It has been updated by USI alumnus Tom Lonnberg and adjunct history professor Bill Bartelt. President Hoops noted that the book includes USI's role in community development.

E. REVIEW AND ACCEPTANCE OF CONFLICT OF INTEREST STATEMENTS

Mr. Huber called on Vice President Ruble to review the approval of Conflict of Interest Statements. Dr. Ruble reported that 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."

He reviewed I.C. 35-41-1-2, which 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 aspects of the conflicts of interest law by filing a disclosure statement with the Board of Trustees. Vice President Ruble explained that the Board of Trustees must then review and accept such disclosures, and must forward all disclosure statements to the State Board of Accounts. A list of individuals who have submitted a *Possible Conflict of Interest Disclosure Statement* since January 1, 2004, is in Exhibit I-A.

On a motion by Mr. Hoehn, seconded by Mr. Baker, certification to the State Board of Accounts that the Board of Trustees has reviewed and accepted the disclosure statements was approved.

F. APPROVAL OF NEW DEGREE PROGRAM: BACHELOR OF ARTS/BACHELOR OF SCIENCE WITH A MAJOR IN FOOD AND NUTRITION

Mr. Huber called on Provost Linda Bennett to review a proposal for a bachelor's degree in food and nutrition. The implementation date for the program, described in Exhibit I-B, is fall semester, 2005.

Dr. Bennett reported that the program will prepare baccalaureate graduates for careers in dietetics, nutrition and wellness, and food management. Nutrition faculty in the School of Nursing and Health Professions planned the program in consultation with an advisory committee that included dietitians, wellness consultants, and food managers. This degree program is recommended by the University Curriculum Committee, the Academic Planning Council, the Faculty Senate, the President, and the Board of Trustees Long-Range Planning Committee.

On a motion by Mr. Baker, seconded by Mr. Day, the Bachelor of Arts/Bachelor of Science with a major in food and nutrition (Exhibit I-B) was approved.

SECTION II – FINANCIAL MATTERS

A. ANNUAL REPORT ON STUDENT FINANCIAL ASSISTANCE

Mr. Huber 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 summarized the information in Exhibit II-A, noting that 12,448 students and prospective students were served by the Office of Student Financial Assistance in 2003-2004, an increase of 215 students over the previous year, total funding was up 12 percent from the previous year, and 17,368 awards totaling \$41,744,126 were administered by various offices of the University.

B. REPORT OF THE FINANCE/AUDIT COMMITTEE

The Finance/Audit Committee met prior to the Board of Trustees meeting on November 4, 2004. Mr. Huber asked Mr. Hoehn for a report. Mr. Hoehn reported that the committee approved a recommendation to the Board of Trustees for approval of a request for repair and rehabilitation funds. The committee approved budget transfers, appropriations, and transfers, and heard reports on the VEBA (Voluntary Employees' Benefit Association) Trust Account and the 2004 audited financial statements.

C. APPROVAL OF REQUEST FOR GENERAL REPAIR AND REHABILITATION FUNDS

Mr. Huber called on Vice President Ruble to discuss a recommendation from the Finance/Audit Committee which will authorize President Hoops to request approval of the Indiana Commission for Higher Education, the State Budget Committee, and the Governor of the State of Indiana for appropriation of general repair and rehabilitation funds for the following project:

Emergency repairs and safety improvements to Murphy Auditorium in New Harmony - \$112,000

On a motion by Mr. Hoehn, seconded by Mrs. Torain, the funding authorization request for repair and rehabilitation funds was approved.

D. APPROVAL OF RECOMMENDATION TO TRANSFER ADDITIONAL FUNDS TO THE VEBA (VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION) TRUST ACCOUNT

Mr. Huber called on Vice President Brinker, who reported that the VEBA Trust is the funding vehicle for the University's retiree health and life insurance benefits. She noted that the VEBA Trust Investment Policy requires the approval of the Board of Trustees for a transfer of additional funds to the VEBA Trust accounts, and reported that the requested transfer of \$250,000 to the VEBA Trust sub account at Fifth Third Bank was recommended by the Finance/Audit Committee.

On a motion by Mr. Tucker, seconded by Mr. Hoehn, a transfer of \$250,000 to the VEBA Trust sub account at Fifth Third Bank was approved.

E. REPORT OF THE CONSTRUCTION COMMITTEE

The Construction Committee met prior to the Board of Trustees meeting on November 4, 2004. Mr. Huber called on Mr. Hoehn, who reported that the committee received a report on change orders for current construction projects.

F. UPDATE ON CURRENT CONSTRUCTION PROJECTS

Mr. Huber called on Vice President Ruble who introduced Miles Mann, Assistant Director of Facility Operations, for a report on current construction projects. Mr. Mann reported that the Rice Library project is on schedule, with the concrete foundation wall nearly complete and the next sequence of steel work scheduled soon. A web page with live pictures of the construction site and progress reports on the project is available on the USI web site.

Mr. Mann reported that the lake construction is approximately 95 percent complete. He was pleased to report that the Indiana Department of Transportation recently paved several campus roadways and parking lots, and he noted that the multipurpose building at the Broadway Complex is nearly complete and will be ready for the NCAA Division II National Cross Country event in November. Mr. Mann reported that Campus Studio, the campus master planning consulting firm, has begun its work and that more information about the planning process will be presented to the Trustees at a future meeting.

Regarding the water damage that occurred in Newman Hall in July, Mr. Mann reported that the total repair amounted to approximately \$475,000, most of which was covered by the University's insurance carrier. The potential for the growth of mold in the building was a concern following the repairs. He reported that air sampling has been completed in Newman Hall and that all samples resulted in little possibility for air-borne mold in the building. However, Mr. Mann reported that a small amount of mold was recently discovered in an air vent in a third floor suite, and even though this mold may have been caused by condensation in the duct work, each suite on the third floor will be inspected for mold, along with selected suites on other floors. Following these inspections, repeat air samples will be taken, followed by the same procedure every six months, to ensure that there is no mold in the building.

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

Mr. Huber reported that Mr. Day, because of his relationship with Anthem, Inc., recused himself from the discussion and vote in Items G and H.

Mr. Huber called on Vice President Cindy Brinker to report on the health insurance renewal requests for 2005 in Items G through J. She noted that several issues were considered during the renewal process, including the plan design of each plan, funding arrangements with the Anthem Blue Cross/Blue Shield Plan, cost-sharing arrangements for the plans, and the prescription drug plan.

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

A comprehensive review of claims from each Anthem health plan indicates medical and drug claims totaled 82 percent of paid premiums under the Deposit Premium funding arrangement, for an underwriting gain of nine percent for the 2003-2004 experience year. Anthem projects an increase of approximately 24 percent in claims in 2005 based on trend factors of 17 percent for medical and 23.5 percent for prescription drugs.

In 2000, the University implemented the Deposit Premium financial arrangement to minimize the impact of the 2000 renewal rates. Under this arrangement, the University established a reserve account and only remitted a portion of the monthly premium to Anthem. If expenses exceeded the remitted amount, the University was required to remit up to the full premium amount. For 2005, the University proposes changing the funding arrangement for the health insurance plans from the Deposit Premium financial arrangement to the Cost Plus financial arrangement. Under this funding arrangement, Anthem will continue to pay claims for the University. The University will be billed for actual claims paid for covered persons and administrative services which include utilization management and PPO access fees, the Human Organ Transplant rider, and Stop Loss coverage. Under this arrangement, the University holds the reserves and determines the level of reserves to be held. While the University assumes more risk under this funding arrangement, the Stop Loss, both specific and aggregate, limit the University's overall exposure. At the same time, the University will receive the advantage of favorable claims immediately, rather than through an annual settlement.

In 2004, the Indiana General Assembly through House Enrolled Act 1265 required the establishment of a state aggregate prescription drug purchasing program. The Act required participation by the state employees' health benefit plans and by the state's institutions of higher education, unless participation would not result in an overall financial benefit to the educational institution. Representatives from the Indiana State Personnel Department, the State Budget Agency, and state institutions of higher education have worked collaboratively to establish the aggregate prescription drug purchasing program. The State Budget Agency engaged the services of Milliman, Inc. to assist with the Request for Proposal and evaluation process for the drug purchasing program. Anthem Insurance Companies, Inc. was selected as the provider for the Indiana

Aggregate Prescription Purchasing Program (IAPPP) in September 2004. A cost comparison study determined the University of Southern Indiana would experience a financial savings by participating in the IAPPP.

Ms. Brinker reviewed the following 2005 plan renewal information for the Anthem Blue Cross/Blue Shield Group Health Insurance and Health Resources, Inc. Dental Plans.

BLUE TRADITIONAL PLAN – (INDEMNITY)

Vice President Brinker reported that the Blue Traditional Plan was frozen on January 1, 2004, to new participants. Currently there are 70 active employees and 60 retirees who participate in the plan. The average total claims per employee for the Traditional Plan for the 2003-2004 experience year were \$10,860 compared to \$4,381 for the Blue Access Plan and \$1,169 for the Blue Access 500 Plan. The number of active employees and retirees participating in the Blue Traditional Plan has decreased with the availability of the Blue Access Plans. The premium rates and claims experience have increased significantly for the Blue Traditional Plan as the number of participants has decreased. Also, elements of a managed care network included in the Blue Access Plans are not included in the Blue Traditional Plan. It is recommended effective January 1, 2005, to eliminate the Blue Traditional Plan (Indemnity). Active employees and retirees will have the option of choosing alternative health insurance coverage during the period of open enrollment.

Approval to not renew the master policies for the Anthem Blue Cross/Blue Shield – Blue Traditional Plan effective January 1, 2005, was recommended.

On a motion by Mr. Hoehn, seconded by Mr. Tucker, all recommendations in Item G were approved. Mr. Day, because of his relationship with Anthem, Inc., recused himself from the discussion and vote in Items G and H.

BLUE ACCESS PLAN – (PREFERRED PROVIDER ORGANIZATION: PPO)

The Blue Access Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The Blue Access Plan was first offered with the 1999 renewal. The following Anthem Blue Cross/Blue Shield health insurance monthly premium rates for the Blue Access Plan have been quoted for a 12-month period beginning January 1, 2005.

The recommended medical premium rates from Anthem Blue Cross/Blue Shield for 2005 reflect a 7.95 percent rate increase for active employee and retiree (over 65) memberships.

There are no plan design changes proposed by Anthem Blue Cross/Blue Shield and recommended by the University for 2005. For 2005, the University proposes changing the funding arrangement from the Deposit Premium financial arrangement to the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2005, for Health Resources, Inc. dental insurance reflect a 3.14 percent rate decrease for single memberships, a rate hold for employee/child(ren) memberships, a 1.03 percent rate decrease for employee/spouse memberships, and a 0.4 percent rate increase for family memberships. The renewal rates effective January 1, 2005, are the result of positive claims experience for USI employees and the implementation of web-based plan administration.

The 2005 insurance rates include a contribution for funding the liability for post-retirement benefits. Anthem Blue Cross/Blue Shield - Blue Access Plan and Health Resources, Inc. provide the primary health/dental insurance for 492 active employees and 65 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees and retirees is 75 percent of the total premium.

Approval to renew the master policies with Anthem Blue Cross/Blue Shield – Blue Access Plan and Health Resources, Inc. with the following rate schedule using the Cost Plus funding arrangement was recommended.

**2005 MONTHLY PREMIUM RATES
ANTHEM BLUE CROSS/BLUE SHIELD – BLUE ACCESS PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2005 TOTAL MONTHLY PREMIUM</u>	<u>2004 TOTAL MONTHLY PREMIUM</u>
Single	\$343.08	\$22.18	\$8.50	\$373.76	\$349.21
Employee + Child(ren)	\$644.84	\$42.80	\$22.00	\$709.64	\$662.16
Employee + Spouse	\$859.92	\$42.36	\$22.00	\$915.28	\$853.06
Family	\$936.16	\$65.54	\$22.00	\$1,023.70	\$954.50
Over 65 (Retired)	\$253.61	\$22.18	\$8.50	\$284.29	\$266.33

On a motion by Mr. Hoehn, seconded by Mr. Tucker, all recommendations in Item G were approved. Mr. Day, because of his relationship with Anthem, Inc., recused himself from the discussion and vote in Items G and H.

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

The Anthem Blue Cross/Blue Shield - Blue Access 500 Plan provides employees with a second option in their selection of medical insurance plans. Vice President Brinker reported that the Blue Access Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The Blue Access 500 Plan was first offered with the 2004 renewal. The following Anthem Blue Cross/Blue Shield health insurance monthly premium rates for the Blue Access 500 Plan have been quoted for a 12-month period beginning January 1, 2005.

The medical premium rates from Anthem Blue Cross/Blue Shield for 2005 reflect a 7.95 percent rate increase for active employee and retiree (over 65) memberships.

There are no plan design changes proposed by Anthem Blue Cross/Blue Shield and recommended by the University for 2005. For 2005, the University proposes changing the funding arrangement from the Deposit Premium financial arrangement to the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2005, for Health Resources, Inc. dental insurance reflect a 3.14 percent rate decrease for single memberships, a rate hold for employee/child(ren) memberships, a 1.03 percent rate decrease for employee/spouse memberships, and a 0.4 percent rate increase for family memberships. The renewal rates effective January 1, 2005, are the result of positive claims experience for USI employees and the implementation of web-based plan administration.

The 2005 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 61 active employees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees and retirees is equal to the amount contributed to the Blue Access Plan.

Approval to renew the master policies with Anthem Blue Cross/Blue Shield – Blue Access 500 Plan and Health Resources, Inc. with the following rate schedule using the Cost Plus funding arrangement was recommended.

**2005 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>2005 TOTAL MONTHLY PREMIUM</u>	<u>2004 TOTAL MONTHLY PREMIUM</u>
Single	\$289.64	\$22.18	\$8.50	\$320.32	\$299.71
Employee + Child(ren)	\$545.00	\$42.80	\$22.00	\$609.80	\$569.67
Employee + Spouse	\$719.30	\$42.36	\$22.00	\$783.66	\$731.14
Family	\$791.26	\$65.54	\$22.00	\$878.80	\$820.28
Over 65 (Retired)	\$226.36	\$22.18	\$8.50	\$257.04	\$241.09

On a motion by Mr. Hoehn, seconded by Mr. Tucker, all recommendations in Item G were approved. Mr. Day, because of his relationship with Anthem, Inc., recused himself from the discussion and vote in Items G and H.

H. 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 HMO is administered locally and currently provides services to approximately 30,000 members in the local area.

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 2003 through May 2004.

The quoted premium rates effective for a 12-month period beginning January 1, 2005, reflect a 6.25 percent rate increase for active employee and retiree (over 65) memberships.

There is one plan design change proposed by Welborn HMO and recommended by the University:

- Prescription Drug Co-payment - Increase from \$10/\$25/\$40 to \$10/\$30/\$50

The 12-month renewal rates effective January 1, 2005, for Health Resources, Inc. dental insurance reflect a 3.14 percent rate decrease for single memberships, a rate hold for employee/child(ren) memberships, a 1.03 percent rate decrease for employee/spouse memberships, and a 0.4 percent rate increase for family memberships. The renewal rates effective January 1, 2005, are the result of positive claims experience for USI employees and the implementation of web-based plan administration.

The 2005 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 140 active employees and 15 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees and retirees is 75 percent of the total premium.

**2005 MONTHLY PREMIUM RATES
WELBORN HMO**

	<u>WELBORN MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2005 TOTAL MONTHLY PREMIUM</u>	<u>2004 TOTAL MONTHLY PREMIUM</u>
Single	\$299.92	\$22.18	\$8.50	\$330.60	\$313.67
Employee + Child(ren)	\$579.18	\$42.80	\$22.00	\$643.98	\$609.90
Employee + Spouse	\$643.20	\$42.36	\$22.00	\$707.56	\$670.15
Family	\$902.28	\$65.54	\$22.00	\$989.82	\$936.48
Over 65 (Retired)	\$235.18	\$22.18	\$8.50	\$265.86	\$303.91

On a motion by Mr. Tucker, seconded by Mr. Hoehn, renewal of the master policies with Welborn HMO and Health Resources, Inc. with the preceding rate schedule was approved. Mr. Day, because of his relationship with Anthem, Inc., recused himself from the discussion and vote in Items G and H.

I. APPROVAL OF THE FLEXIBLE BENEFIT PLAN ADMINISTRATIVE FEE

Vice President Brinker reviewed the Section 125 Flexible Benefit Plan, implemented in 1990 and expanded in 1992, which 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 28 percent of the 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.

During the 2003 plan year, University savings were \$113,872 due to reduced FICA tax (Social Security and MQFE [Medicare]).

For calendar year 2005, the University recommends using The Nyhart Company to administer the Section 125 Flexible Benefit Plan. Nyhart, founded in 1943, provides comprehensive consulting and administration services for employee benefit programs. The company offers complete services in designing, establishing, communicating, and administering plans that provide for the health, welfare, and retirement needs of employees. Nyhart consists of a professional staff of consultants, attorneys, actuaries, and administrators totaling more than 170 employees throughout the Midwest. Nyhart has offices in Indianapolis and Evansville.

Ms. Brinker reported that the current administrative fee for the Section 125 Flexible Benefit Plan is \$5.80 per-participant per month. Nyhart quoted an administrative fee of \$5.25 per-participant per month. Nyhart also will provide additional services to employees including an interactive website with claim and balance information and a debit card to be used for eligible expenses. The quoted rate results in an annual savings of approximately \$1,700.

On a motion by Mr. Tucker, seconded by Mr. Baker, a contract with The Nyhart Company beginning January 1, 2005, to administer the Section 125 Flexible Benefit Plan with the quoted per-participant rate was approved.

J. APPROVAL TO CHANGE UNIVERSITY CONTRIBUTION TO RETIREE LIFE INSURANCE COVERAGE

The Chair called on Vice President Brinker to report on a change in the University contribution to retiree life insurance coverage. Ms. Brinker reported that the University provides group term life insurance to retirees through the Prudential Insurance Company of America. She noted that employees hired prior to February 1,

1988, who elected to remain in the original group life insurance program, are eligible to receive up to \$20,000 of coverage during retirement. The first \$18,000 is paid by the University and the cost for each additional \$1,000 of coverage in the original plan is paid by the retiree. Employees hired after February 1, 1988, participate in the revised group life insurance program and are eligible to receive coverage of \$5,000 during retirement. The premium cost for the retirees who participate in the revised group life insurance plan is paid in full by the University.

There are 64 employees and 51 retirees hired prior to February 1, 1988, who currently participate in the original group life insurance program. The increased cost to administer the original group life insurance plan for retirees exceeds the cost of the insurance premiums paid by the retirees. It is recommended that the University increase its contribution to pay the full premium cost for retiree coverage up to \$20,000 for the original group life insurance program effective January 1, 2005.

On a motion by Mr. Tucker, seconded by Mr. Baker, approval was granted for the University to pay the full premium for retiree coverage for the original group life insurance program effective January 1, 2005.

SECTION III – PERSONNEL MATTERS

A. APPROVAL OF PERSONNEL ACTIONS

Chair Huber called on Provost Linda Bennett to review requests for retirement and recommendations for emeritus/emerita status. On a motion by Mr. Hoehn, seconded by Mr. Tucker, the following requests were approved.

1. Early Retirement

Associate Professor of Finance Robert J. Hartl, in accordance with the early retirement policy, has requested early retirement effective May 7, 2006, including leave with pay for the period January 3, 2006, through May 7, 2006. Severance pay based on 16.5 years of service to the University will be paid as of June 30, 2006.

2. Retirement

School of Nursing and Health Professions Advising and Recruitment Coordinator Deborah J. Bookout has requested retirement effective May 31, 2005.

Health Administration/Health Services Program Director and Instructor in Health Administration/Health Services Carol J. Hermes has requested retirement effective May 31, 2005.

3. Emeritus/Emerita Status

It is recommended that the following faculty members be retired officially with the effective date shown and that the appropriate emeritus/emerita title, as indicated, be conferred:

Associate Professor Emeritus of Finance Robert J. Hartl
16.5 years at USI, effective May 7, 2006

Coordinator Emerita of School of Nursing and Health Professions Advising and Recruitment Deborah J. Bookout
11 years at USI, effective May 31, 2005

Program Director Emerita and Instructor Emerita in Health Administration/Health Services Carol J. Hermes
10 years at USI, effective May 31, 2005

There being no further business, the meeting adjourned at 2:42 p.m.

Respectfully submitted,



Louise S. Bruce
Secretary

**Possible Conflict of Interest Disclosure Statements
 filed since 1-01-04**

DATE	NAME/ TITLE	VENDOR/ CONTRACTOR	DESCRIPTION OF FINANCIAL INTEREST
2-25-04	H. Ray Hoops President	Integra Bank Corporation Deaconess Hospital Welborn Foundation	Director Director Former Director
7-10-04	Jamie Cummings Dance Team Coach	Varsity Spirit Fashions	Sales Representative
8-11-04	Janel S. Allen Assistant to the President	Safety Management Corp. The Box Center, Inc.	Spouse of owner Spouse of owner
8-11-04	Pam Buschkill Director, Children's Center	Safety Management Corp.	Spouse of employee
8-20-04	Mark A. Day Trustee	Anthem, Inc.	Vice President, Administrative Services
8-20-04	Frank F. McDonald II Trustee	Integra Bank	Sr. Vice President/Director of Governmental and Corporate Affairs

Abstract

Bachelor of Arts/ Bachelor of Science with a Major in Food and Nutrition University of Southern Indiana

Objectives

This program is designed to prepare graduates for careers in the field of food and nutrition. The degree program will provide three specialty area options: Dietetics, Nutrition and Wellness, and Food Service Management. The program will include the opportunity for students to achieve professional certifications in each of the respective specialty areas.

Clientele to Be Served

Clientele will include both traditional and non-traditional undergraduate students from southwestern Indiana and the tri-state region. The program will address the needs of individuals interested in expanding their nutrition knowledge beyond the minor in nutrition that is currently offered through the School of Nursing and Health Professions. Articulation agreements will be developed with area community colleges to facilitate associate degree graduates' matriculation into the University of Southern Indiana baccalaureate nutrition program. There are currently 35 students who have expressed interest in enrolling in the proposed baccalaureate Food and Nutrition Program.

Curriculum

The 124-hour food and nutrition baccalaureate program provides three specialty area options: Dietetics, Nutrition and Wellness, and Food Service Management. All students with this major will complete 50 hours of the University core curriculum courses, 29 hours of core food and nutrition courses, 35-38 hours of courses specific to the specialty area, and 8-10 hours of electives.

Employment Opportunities

Current and future employment opportunities for graduates with this degree are excellent. The types of businesses and specific venues where graduates of the program could work include health care, food service, nutrition and wellness programs, corporate wellness, public health agencies, research facilities, and private practice. An area advisory committee and potential employers of program graduates were consulted in the development of this program.

2003-2004 Student Financial Aid Programs Final Report

University of Southern Indiana

October 20, 2004

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 2003-2004 report are:

◆ Service Profiles

- The Student Financial Assistance Office served 12,448 students and prospective students, an increase of 215 students (2 percent) over the previous year.
- 9,673 FAFSA applications (for need-based assistance) were submitted, an increase of 429 applications (5 percent) over the previous year.
- Student Financial Assistance provided aid to 6,994 enrolled students, up 100 students (1 percent) over the previous year.

◆ Volume and Trends

- 17,368 awards totaling \$41,744,236 were administered by various offices of the University; up \$4,590,751 (12 percent).
- Federal student aid funding was up \$2,810,466 (11 percent).
- Indiana student aid funding was up \$846,954 (27 percent).
- University student aid funding was down \$107,521 (2 percent).
- USI Foundation student aid funding was up \$117,935 (20 percent).
- Corporate and private student aid funding was up \$872,840 (50 percent).
- Gift aid (grants and scholarships) was up \$1,743,554 (12 percent).
- Self-help in the form of loans was up \$2,920,312 (14 percent).
- Self-help in the form of on-campus employment was down \$60,692 (4 percent).

◆ Distribution by Type

- Gift aid (grants and scholarships) \$16,348,169 (39.2 percent)
- Self-help in the form of loans \$23,908,030 (57.3 percent)
- Self-help in the form of on-campus \$1,488,037 (3.5 percent)

◆ Distribution by Source

- Federal \$29,193,785 (69.9 percent)
- State of Indiana \$4,002,716 (9.6 percent)
- University of Southern Indiana \$5,064,651 (12.1 percent)
- USI Foundation \$707,084 (1.7 percent)
- USI Varsity Club \$173,999 (.4 percent)
- Private Sources \$2,602,001 (6.2 percent)

2003-2004 Student Financial Aid Programs Final Report

University of Southern Indiana

October 20, 2004

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 13, 2004. 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 12,448 individuals used student financial assistance services (student contacts). Students and prospective students submitted 9,673 Free Applications for Federal Student Aid for "need-based" assistance. Of this number, 6,979 enrolled in 2003-2004. Student contacts were up 2 percent and need-based applications were up 5 percent over the prior year.

Excluding regular student employment and veterans' educational benefits, a total of 6,994 students received one or more types of assistance. Various University offices administered 17,368 awards for a total of \$41,744,236 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	8,357	\$29,193,785	70	71
State of Indiana	2,235	4,002,716	9.6	8.5
USI	4,447	5,064,651	12.1	13.9
USI Foundation	572	707,084	1.7	1.6
USI Varsity Club	93	173,999	.4	.3
Private Sources	1,664	2,602,001	6.2	4.7
Totals	17,368	\$41,744,236	100	100

Growth trends in student financial assistance are summarized below.

<i>Activity Indicators</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>
Student Contacts	-4%	+8%	+4%	+2%
Need-based Applications	-8	+11	+5	+5%
Number of Awards	+7	+4	+7	+5%
Total Dollar Volume	+13	+11	+14	+12%

Student financial assistance may be categorized by aid type: grants; loans; and employment. In 2003-2004, 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	9,764	\$16,348,169	39.2	39.3
Loans	6,452	23,908,030	57.3	56.5
Employment	1,152	1,488,037	3.5	4.2
<i>Totals</i>	<i>17,368</i>	<i>\$41,744,236</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 2.8 percent with total dollars increasing 7.5 percent. This compares to a Stafford Loan dollar volume increase of 10.2 percent.

Total Indiana funding was up 27 percent following a 15 percent increase in 2002-2003. Indiana Higher Education Award funding was up 32 percent compared to a 15.3 percent increase in the prior year. This does not follow our expectation of much smaller increases. Tuition increases at other institutions appear to add to the momentum for substantial annual increases in SSACI awards.

Changes in funding levels are summarized by source below.

<i>Source</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>
Federal Government	+14%	+13%	+17%	+11
State of Indiana	+2	+7	+15	+27
USI	+11	+8	+2	-2
USI Foundation	+7	+11	+3	+20
USI Varsity Club	+24	+30	-34	+40
Private Sources	+11	+22	+17	+50
<i>Aggregate Change</i>	<i>+12%</i>	<i>+11%</i>	<i>+14%</i>	<i>+12%</i>

Aggregate borrowing for Stafford Student Loan recipients among the Class of 2004 baccalaureate graduates averaged \$14,280, up 1 percent from the 2002 class average of \$14,142. Among year 2004 masters' degree recipients, aggregate borrowing averaged \$21,104, including both graduate and undergraduate borrowing. This figure also represents a decrease of 3 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>
1999	4.7%
2000	5.9
2001	3.2
2002	3.5

In 2003-2004, 4,567 Stafford Loan borrowers filed 6,581 Stafford Loan requests. About \$23 million in Stafford and Parent PLUS Loans were guaranteed and over \$21.1 million was disbursed.

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.

The 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. Our team aims 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. The team is 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 I - SUMMARY OF STUDENT FINANCIAL AID PROGRAMS

October 20, 2004

	2001-2002		2002-2003		2003-2004	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
A. Federal Programs						
1. Pell Grants	2,069	\$4,490,468	2,319	\$5,227,868	2,384	\$5,622,810
2. Supplemental Grants (a)	283	228,099	446	274,099	306	208,412
3. Perkins Loans	8	12,050	0	0	0	0
4. Federal Work Study (b)	174	237,879	220	333,215	213	326,016
5. Stafford (Student) Loans	3,870	15,169,169	4,301	17,274,322	4,567	19,034,643
6. Parent PLUS Loans	473	1,811,683	490	2,520,288	613	3,176,670
7. Veterans' Benefits	239	581,674	280	711,210	248	784,493
8. Graduate Nursing Stipend	<u>32</u>	<u>29,707</u>	<u>24</u>	<u>42,317</u>	<u>26</u>	<u>40,741</u>
Federal Totals	7,148	22,560,729	8,080	26,383,319	8,357	29,193,785
B. State Programs						
1. Higher Education Awards	1,209	1,865,139	1,336	2,150,871	1,500	2,841,303
2. Part-Time Higher Ed Awards	119	85,931	122	84,675	123	95,583
3. Hoosier Scholarships	23	11,500	18	9,000	22	11,000
4. 21 st Century Scholarships	347	472,278	395	587,156	424	686,784
5. Vocational Rehabilitation	71	161,537	59	195,974	77	223,039
6. State Work Study	4	2,268	2	1,524	3	2,501
7. Other State Scholarships	41	61,362	23	33,481	40	52,491
8. National Guard Supp. Grant	<u>45</u>	<u>80,184</u>	<u>55</u>	<u>93,081</u>	<u>46</u>	<u>90,015</u>
State Totals	1,859	2,740,199	2,010	3,155,762	2,235	4,002,716
C. Institutional Programs (See Table II)	4,652	5,095,070	4,637	5,172,172	4,447	5,064,651
D. USI Foundation Programs	497	568,849	493	589,149	572	707,084
E. USI Varsity Club Athletic Aid (c)	108	189,077	86	123,922	93	173,999
F. Corporate and Private Programs	<u>1,216</u>	<u>1,482,055</u>	<u>1,302</u>	<u>1,729,161</u>	<u>1,664</u>	<u>2,602,001</u>
Totals for All Programs	15,480	\$32,635,979	16,608	\$37,153,485	17,368	\$41,744,236

- (a) Federal Supplemental Grants require 25% in matching funds. Matching is accomplished with the Indiana Higher Education Awards.
 (b) Federal Work Study wages include 25% 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 20, 2004

	2001-2002		2002-2003		2003-2004	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
1. Academic Honors Diploma Grant	200	\$184,240	105	\$94,915	0	\$0
2. Academic Achievement Award	5	5,000	13	12,500	12	11,500
3. Academic Excellence Award	22	68,992	18	65,911	18	69,104
4. Athletic Grant-in-Aid (a)	163	376,944	169	492,768	195	498,873
5. B/MD Scholarship	8	13,149	8	14,149	9	12,717
6. Child of Disabled Veteran	184	371,239	183	414,267	174	452,807
7. Child of Employee Fee Remission	70	73,060	74	91,592	80	100,368
8. Departmental Scholarship	601	604,593	802	797,861	1,031	1,039,820
9. Distinguished Scholars Award	---	---	6	31,859	7	37,878
10. Employee Fee Remission	109	104,939	131	142,881	124	151,451
11. Fifth-Year Non-Resident Fee Remission	6	20,481	5	17,631	10	41,359
12. General Fee Remission (b)	305	89,798	350	114,664	258	90,768
13. Non-Resident Grant	349	757,316	383	805,079	344	734,844
14. Retired Individuals Fee Remission	4	1,496	8	3,202	7	2,255
15. Scholastic Excellence Award	158	241,706	81	116,628	0	0
16. Institutional Supplemental Grant	1	500	0	0	0	0
17. Resident Assistants Room/Board	54	168,227	61	184,058	74	213,122
18. Spouse of Employee Fee Remission	21	12,483	21	16,623	22	17,039
19. Spouse of Full-Time Student Remission	8	3,015	2	1,017	0	0
20. 21 st Century Textbook Awards	<u>93</u>	<u>16,700</u>	<u>161</u>	<u>29,500</u>	<u>198</u>	<u>36,400</u>
Fee Remit/Grant-in-Aid Subtotals	2,361	3,113,878	2,581	3,447,105	2,563	3,510,305
21. Short-Term Loans for Book and Supplies	1,311	505,557	1,110	511,077	948	394,825
22. Institutional Student Employment (c)	<u>980</u>	<u>1,475,635</u>	<u>946</u>	<u>1,213,990</u>	<u>936</u>	<u>1,159,521</u>
Totals for All Programs	4,652	\$5,095,070	4,637	\$5,172,172	4,447	\$5,064,651

(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, student government officers, Harlaxton Study Abroad Grants, the College Achievement Program (CAP), graduate assistants, international exchange students, USI's Japanese Instructor, and the Student Housing Association (SHA) Leadership Scholarships.
 (c) The number of awards is estimated.