

## **AGENDA**

### **UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES**

**November 4, 1999**

#### **SECTION I - GENERAL AND ACADEMIC MATTERS**

- A. Approval of Minutes of September 9, 1999 Meeting
- B. Establishment of Next Meeting Date, Time, Location
- C. President's Report
- D. Report of the Long-Range Planning Committee

#### **SECTION II - FINANCIAL MATTERS**

- A. Report on Student Financial Assistance
- B. Report of the Finance Committee
- C. Report of the Construction Committee
- D. Approval of Anthem Blue Cross/Blue Shield Group Health Insurance and Health Resources, Inc. Dental Insurance Premium Rates
- E. Approval of Welborn HMO Group Health Insurance and Health Resources, Inc. Dental Insurance Premium Rates
- F. Approval of the Flexible Benefit Plan Administrative Fee

**SUPPLEMENTAL INFORMATION**  
**UNIVERSITY OF SOUTHERN INDIANA**  
**BOARD OF TRUSTEES**

**November 4, 1999**

**SECTION I - GENERAL AND ACADEMIC MATTERS**

- A. APPROVAL OF MINUTES OF SEPTEMBER 9, 1999, MEETING**
- B. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION**
- C. PRESIDENT'S REPORT**
- D. REPORT OF THE LONG-RANGE PLANNING COMMITTEE**

## **SECTION II - FINANCIAL MATTERS**

### **A. REPORT ON STUDENT FINANCIAL ASSISTANCE**

A summary will be presented on Student Financial Assistance administered by the University during the 1998-99 academic year.

### **B. REPORT OF THE FINANCE COMMITTEE**

The Finance Committee will meet prior to the Board meeting on November 4. A report will be presented.

### **C. REPORT OF THE CONSTRUCTION COMMITTEE**

The Construction Committee met on October 14, 1999. The Skillman Corporation was selected to provide construction management services for the Science/Education Classroom Building project.

The committee selected five architectural firms interested in the Science/Education Classroom Building project and will interview the firms on November 4 and 5. The firms are:

BSA Design, Inc. of Indianapolis, Indiana  
Hastings & Chivetta Architects, Inc. of St. Louis, Missouri and Edmund L. Hafer & Associates  
of Evansville, Indiana  
Odlle McGuire & Shook of Bloomington, Indiana  
Perkins & Will of Chicago, Illinois  
Veazey Parrott & Shoulders of Evansville, Indiana

In other business, the committee approved the following bids for several University projects:

Wellness, Fitness, Recreational Facility Construction	\$ 4,165,956
Utility Tunnel Project	\$ 176,800
Curbs and Walkways Project	\$ 74,000
Excavation Project	\$ 230,000
Recreational Equipment Project	\$ 210,775

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

#### **TRADITIONAL INDEMNITY PLAN**

The following Anthem Blue Cross/Blue Shield health insurance monthly premium rates for the indemnity plan have been quoted for a twelve-month period beginning January 1, 2000.

The medical premium rates from Anthem Blue Cross/Blue Shield for 2000 reflect 20.2 and 20.4 percent rate increases for the single and family memberships and a 12.5 percent rate increase for retirees (over 65). There are no plan design changes. The University experienced a 34.2 percent increase in claims and an underwriting loss of 8.4 percent during the past year. Anthem projects an increase in claims in 2000 based on medical trend factors. To minimize the impact of the renewal quote, the premium rates were established using an alternative funding arrangement.

The University proposes the implementation of a deposit premium financial arrangement, a cash flow model in which the University retains a reserve account and only remits a portion of the monthly premium to Anthem. Currently the reserve account is retained by Anthem. If expenses exceed the remitted amount, the University will remit up to the full premium amount. The advantage of this arrangement is that the favorable cash flow associated with future underwriting gains is advanced to the University prior to the annual settlement. If

underwriting gains do not occur, or are less than the amount of premium not paid, the University is not responsible for paying expenses above the full premium fee. The 2000 premium rates for the traditional indemnity plan were established using the deposit premium financial arrangement.

The twelve-month renewal rates effective January 1, 2000, for Health Resources, Inc. dental insurance reflect a 5 percent rate increase for 2000. The renewal rate is the result of an increased number of claims for USI employees and dependents and an increase in dentists' fees in 1999.

The 2000 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield indemnity plan and Health Resources, Inc. provide the primary health/dental insurance for 325 employees and retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for single, family, and retiree coverage is 75 percent of the total premium.

Approval to renew the master policies with Anthem Blue Cross/Blue Shield indemnity plan and Health Resources, Inc. with the following rate schedule is recommended.

**2000 MONTHLY PREMIUM RATES  
FOR ANTHEM BLUE CROSS/BLUE SHIELD INDEMNITY PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2000 TOTAL MONTHLY PREMIUM</u>	<u>1999 TOTAL MONTHLY PREMIUM</u>
Single	\$243.49	\$17.72	\$ 8.50	<b>\$269.71</b>	\$227.93
Family	\$628.62	\$44.96	\$22.00	<b>\$695.58</b>	\$587.07
Over 65 (Retired)	\$206.25	\$17.72	\$ 8.50	<b>\$232.47</b>	\$208.77

**PREFERRED PROVIDER ORGANIZATION: PREMIUM PREFERRED NETWORK (PPN)**

The Anthem Blue Cross/Blue Shield PPN provides employees with a second option in their selection of medical insurance plans. The PPN is designed with elements of a managed care plan as an incentive to reduce medical costs. The PPN plan was first offered with the 1999 renewal. The following Anthem Blue Cross/Blue Shield health insurance monthly premium rates for the PPN plan have been quoted for a twelve-month period beginning January 1, 2000.

The medical premium rates from Anthem Blue Cross/Blue Shield for 2000 reflect 13.6 and 13.7 percent rate increases for the single and family memberships and a 5.6 percent rate increase for retirees (over 65). There are no plan design changes. The negotiated renewal quote from Anthem was a 14 percent rate increase, due to the fact that this plan had only seven months of experience and the Blue Cross/Blue Shield traditional indemnity and PPN plans were combined for rating purposes.

The University proposes the implementation of a deposit premium financial arrangement, a cash flow model in which the University retains a reserve account and only remits a portion of the monthly premium to Anthem. Currently the reserve account is retained by Anthem. If expenses exceed the remitted amount, the University will remit up to the full premium amount. The advantage of this arrangement is that the favorable cash flow associated with future underwriting gains is advanced to the University prior to the annual settlement. If

underwriting gains do not occur, or are less than the amount of premium not paid, the University is not responsible for paying expenses above the full premium fee. The 2000 premium rates for the PPN Plan were established using the deposit premium financial arrangement.

The twelve-month renewal rates effective January 1, 2000, for Health Resources, Inc. dental insurance reflect a 5 percent rate increase for 2000. The renewal rate is the result of an increased number of claims for USI employees and dependents and an increase in dentists' fees in 1999.

The 2000 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield PPN plan and Health Resources, Inc. provide the primary health/dental insurance for 102 employees and retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for single, family, and retiree coverage is 75 percent of the total premium.

Approval to renew the master policies with Blue Cross/Blue Shield PPN plan and Health Resources, Inc. with the following rate schedule is recommended.

**2000 MONTHLY PREMIUM RATES  
FOR ANTHEM BLUE CROSS/BLUE SHIELD PPN PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<b>2000 TOTAL MONTHLY PREMIUM</b>	1999 TOTAL MONTHLY PREMIUM
Single	\$217.29	\$17.72	\$ 8.50	<b>\$243.51</b>	\$216.73
Family	\$561.12	\$44.96	\$22.00	<b>\$628.08</b>	\$558.32
Over 65 (Retired)	\$183.09	\$17.72	\$ 8.50	<b>\$209.31</b>	\$198.69

**E. 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 40,000 members in the local area.

Due to a 7.2 percent increase in the total cost of claims, the quoted premium rates effective for a twelve-month period beginning January 1, 2000, reflect a 6 percent increase for a single plan and 6 percent increase for a family plan. Due to decreased costs associated with retiree coverage, the premium decreased .2 percent for retirees (over 65). Changes to the existing benefit plan, which were part of the 2000 renewal provided by Welborn HMO, are prescription drug co-pay for formulary brand name increases from \$10 to \$15; and inpatient professional and facility for mental health coverage increases from \$50 co-pay per day to 100 percent coverage, outpatient professional and facility increases from \$25 co-pay per day to 100 percent coverage, and individual or group office visits increase from \$20 co-pay per visit to 100 percent coverage after \$10 co-pay.

The twelve-month renewal rates effective January 1, 2000, for Health Resources, Inc. dental insurance reflect a 5 percent rate increase for 2000. The renewal rate is the result of an increased number of claims for USI employees and dependents and an increase in dentists' fees in 1999.

The 2000 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 270 employees, dependents, and retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for single, family, and retiree coverage is 75 percent of the total premium.

Approval to renew the master policies with Welborn HMO and Health Resources, Inc. with the following rate schedule is recommended.

**2000 MONTHLY PREMIUM RATES**

	<u>WELBORN MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<b>2000 TOTAL MONTHLY PREMIUM</b>	1999 TOTAL MONTHLY PREMIUM
Single	\$170.78	\$17.72	\$ 8.50	<b>\$197.00</b>	\$186.43
Family	\$442.15	\$44.96	\$22.00	<b>\$509.11</b>	\$481.78
Over 65 (Retired)	\$179.39	\$17.72	\$ 8.50	<b>\$205.61</b>	\$205.04

**F. APPROVAL OF THE FLEXIBLE BENEFIT PLAN ADMINISTRATIVE FEE**

The Section 125 Flexible Benefit Plan, which was implemented in 1990 and expanded in 1992, allows enrolled employees to pay medical insurance premiums, dependent care expenses, and uninsured medical expenses with pre-tax dollars. Participation in the program has been steady since its introduction. Approximately 25 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 1998 plan year, the University's net savings were \$50,260 due to the University's reduced FICA tax (Social Security and MQFE).

Olive LLP administers the plan for the University. The per-participant administrative fee of \$5.50 per month has been in effect since January 1, 1998. Renewal rates from Olive LLP reflect no rate increase for a twelve-month guarantee period effective January 1, 2000.

Approval to renew the administrative arrangement with Olive LLP for the flexible benefit plan with the quoted per-participant rate is recommended.

# 1998-99 Student Financial Aid Programs Final Report

University of Southern Indiana

October 27, 1999

## Executive Summary

Each fall a final report of prior year student financial aid activity is completed to assess trends and program initiatives. This information provides a basis on which to plan improvements to existing programs and develop proposals for new student financial assistance programs.

Significant findings contained in the 1998-99 report are-

- The Student Financial Assistance Office served 10,301 students and prospective students, a decrease of 29 students from the previous year.
- Applications for need-based assistance were submitted by 7,609 individuals, a decrease of 161 from the previous year.
- 13,306 awards totaling \$24,502,223 were administered by the University.
- Total funding was up \$2,874,033 (13%).
- Federal student aid funding was up \$2,022,541 (14%).
- Indiana student aid funding was up \$365,737 (19%).
- University student aid funding was up \$67,718 (2%).
- Corporate and private student aid funding was up \$465,682 (55%).
- Gift aid (grants and scholarships) was up \$1,308,484 (15%).
- Self-help in the form of loans was up \$1,559,002 (14%).
- Self-help in the form of on-campus employment was up \$6,547 (5%).
- Among baccalaureate Stafford Loan borrowers in the Class of 1999, aggregate borrowing averaged \$13,695, up \$930 or 7.3% over the prior class. Among master's degree recipients, career borrowing averaged \$19,996.

# 1998-99 Student Financial Aid Programs Final Report

## University of Southern Indiana

October 27, 1999

### 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 16, 1999. Student employment data was provided by the Human Resources Office, and veterans' educational benefit data was provided by the Registrar's Office.

### Narrative

A total of 10,301 individuals required financial assistance services. Approximately 7,600 students and prospective students submitted applications for "need-based" financial aid. Excluding regular student employment and veterans' educational benefits, a total of 4,584 students received one or more types of assistance. The University administered 13,306 awards for a total of \$24,502,223 in student financial assistance. The distribution of awards by funding source is given below.

<u>1998-99 Sources</u>	<u># of Awards</u>	<u>Award Totals</u>	<u>% of Total Dollars</u>
Federal Government	6,094	\$16,432,097	67.1
State of Indiana	1,649	2,313,995	9.4
University of Southern Indiana	4,208	3,854,516	15.7
USI Foundation	432	499,627	2.0
USI Varsity Club	75	113,254	.5
Private Sources	<u>770</u>	<u>1,288,734</u>	<u>5.3</u>
	13,306	\$24,502,223	100

Growth trends in student financial assistance are summarized below.

<u>Activity Indicators</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Student Contacts	+9%	+25%	+17%	0%
Need-based Applications	+7	+21	+19	- 2
Number of Awards	+11	+17	+16	+3
Total Dollar Volume	+22	+25	+20	+13



Page 2 – 1998-99 Student Aid Programs

Student financial assistance may be categorized by aid type: grants; loans; and on-campus employment. In 1998-99, spending was distributed as follows:

<u>Categories</u>	<u># of Awards</u>	<u>Award Totals</u>	<u>%Total Dollars</u>
Grants (includes scholarships)	7,721	\$10,147,070	41.4
Loans (includes short-term)	4,419	13,018,218	53.1
On-Campus Employment	<u>1,166</u>	<u>1,330,388</u>	<u>5.5</u>
	13,306	\$24,502,223	100

Total student financial assistance funding continues to keep pace with enrollment growth. Reliance on student loans represents over half of total student aid but the trend toward increasing loan volume appears to be leveling off.

The foundation of financial aid packages for the most needy is the Pell Grant. The number of Pell Grant recipients increased 6.3% with total dollars increasing 16.4%. Stafford Loan dollar volume increased 11 % following the prior year's increase of 20%.

Indiana Higher Education Awards funding increases matched recent years. There were 64 more awards than in 1997-98 and \$207,664 in additional funding.

Changes in expenditure levels are summarized by source below.

<u>Sources</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Federal Government	+26%	+24%	+21%	+14%
State of Indiana	+29	+27	+21	+19
University of Southern Indiana	+12	+18	+26	+ 2
USI Foundation	+1	-3	-6	-9
USI Varsity Club	-10	+28	+11	+ 2
Private Sources	+24	+130	+ 8	+55
Aggregate Change	+22%	+24%	+20%	+13%

Aggregate borrowing for Stafford Student Loan recipients among USI's 1999 baccalaureate graduates averaged \$13,695, up \$930 over the 1998 class average of \$11,570. Among 1999 masters' degree recipients, aggregate borrowing averaged \$19,996, including both graduate and undergraduate borrowing.

The University's Stafford Loan default rate declined 2.5%. It is 7.8% for fiscal year 1997. For comparison, the national average for all institutional types was 9.6%. The FY 1996 average default rate for Indiana public four-year colleges was 7.3%. A summary of USI's prior year Stafford Loan default rates appears below.

Stafford Loan Default Rates

1988	4.4%	1991	4.7%	1994	5.9%	1997	7.8%
1989	3.5%	1992	3.5%	1995	10.8%		
1990	7.4%	1993	3.5%	1996	10.3%		

Efforts to improve the academic profile of the student body will have a positive impact on the student loan default rate. Loan counseling for all first-time borrowers is strictly enforced. Graduates and borrowers who leave prior to graduation, must be complete exit counseling. Academic transcripts are withheld until the exit counseling is completed.

The 21<sup>st</sup> Century Scholars Textbook Award was developed and implemented for the 1998-99 academic year. This institutional award provided \$200 textbook awards to eligible 21<sup>st</sup> Century Scholarship recipients beginning their second year. The intended purpose of this award is to improve student retention. Reports for 1998-99 show 75 students used approximately \$13,700 from this program.

Conclusions

Financial aid resources are effectively utilized by the University to achieve the following objectives.

- 1) Provide monetary assistance to students for educational purposes
- 2) Assist students and families in financial planning for higher education.
- 3) Properly administer governmental, agency, University, and donor funding of student financial assistance programs.
- 4) Facilitate the recruitment and retention of students.
- 5) Implement new programs for student financial assistance.
- 6) Improve communication, both external and internal, regarding financial aid programs.

The Student Financial Assistance Office, the Veterans' Affairs Office, and the Career Services and Placement Office provide to students the programs summarized on the following tables. Table I summarizes all financial aid programs. Table II provides an overview of institutional student financial assistance programs.

TABLE I - SUMMARY OF STUDENT FINANCIAL AID PROGRAMS

October 16, 1999

	1996-97		1997-98		1998-99	
	# of Awards	Total Dollars	# of Awards	Total Dollars	# of Awards	Total Dollars
<b>A. Federal Programs</b>						
1. Pell Grants	1,628	\$2,286,332	1,826	\$2,801,076	1,941	\$3,260,282
2. Supplemental Grants	450	205,359	405	169,162	343	218,107
3. Perkins Loans	40	35,128	15	29,750	15	23,450
4. Federal Work Study (a)	99	116,467	172	178,211	164	216,692
5. Stafford (Student) Loans	2,373	8,473,670	2,827	10,162,322	3,095	11,238,140
6. Parent PLUS Loans	145	542,941	187	708,703	306	1,073,657
7. Veterans' Educational Benefits	234	284,532	226	338,239	212	374,319
8. Graduate Nursing Stipend	---	---	15	22,093	18	27,450
<b>Federal Totals</b>	<b>4,969</b>	<b>11,944,429</b>	<b>5,673</b>	<b>14,409,556</b>	<b>6,094</b>	<b>16,432,097</b>
<b>B. State Programs</b>						
1. Higher Education Awards	1,153	1,261,806	1,295	1,547,243	1,359	1,754,907
2. Lilly Endowment Ed Awards	33	25,322	---	---	---	---
3. Hoosier Scholarships	29	14,500	21	10,500	15	7,500
4. 21ST Century Scholarships	176	136,595	229	203,406	244	349,193
5. Vocational Rehabilitation	67	145,768	80	164,385	85	183,499
6. State Work Study	1	2,200	2	1,409	1	396
7. Other State Scholarships	25	22,086	22	21,315	23	18,500
<b>State Totals</b>	<b>1,484</b>	<b>1,608,277</b>	<b>1,649</b>	<b>1,948,258</b>	<b>1,727</b>	<b>2,313,995</b>
<b>C. Institutional Programs (See Table II)</b>	<b>3,511</b>	<b>3,004,502</b>	<b>4,183</b>	<b>3,786,798</b>	<b>4,208</b>	<b>3,854,516</b>
<b>D. USI Foundation Programs</b>	<b>493</b>	<b>582,692</b>	<b>472</b>	<b>549,563</b>	<b>432</b>	<b>499,627</b>
<b>E. USI Varsity Club Athletic Aid (b)</b>	<b>71</b>	<b>100,000</b>	<b>75</b>	<b>110,963</b>	<b>75</b>	<b>113,254</b>
<b>F. Corporate and Private Programs</b>	<b>620</b>	<b>765,848</b>	<b>800</b>	<b>832,052</b>	<b>770</b>	<b>1,288,734</b>
<b>Totals for All Programs</b>	<b>11,148</b>	<b>\$18,005,748</b>	<b>12,852</b>	<b>\$21,637,190</b>	<b>13,306</b>	<b>\$24,502,223</b>

(a) Federal Work Study wages include 25% institutional matching funds. Approximately 5% of total wages are spent on community service with off-campus non-profit agencies.

(b) 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 16, 1999

	1996-97	1997-98	1998-99
	# of Awards	# of Awards	# of Awards
	Total Dollars	Total Dollars	Total Dollars
1. Academic Honors Diploma Grant	---	299	400
	\$ ---	\$ 276,243	\$364,358
2. Academic Excellence Award	15	17	21
	\$ 27,758	35,430	52,288
3. Athletic Grant-in-Aid (a)	143	154	178
	260,980	306,026	315,013
4. Child of Disabled Veteran	199	210	218
	221,503	247,596	258,441
5. Child of Employee Fee Remission	63	59	65
	52,173	47,612	52,257
6. Employee Fee Remission	92	90	96
	55,144	53,296	53,856
7. Fifth-Year Non-Resident Fee Remission	7	5	6
	19,437	9,368	14,663
8. General Fee Remission (b)	257	349	324
	56,746	84,269	65,693
9. Non-Resident Scholarship/Grant	48	128	149
	108,271	257,569	310,078
10. Retired Individuals Fee Remission	7	7	7
	1,592	1,668	1,546
11. Scholastic Excellence Award	744	695	617
	837,862	830,744	744,888
12. Institutional Supplemental Grant	86	42	2
	31,643	11,944	441
13. Resident Assistants Room/Board	46	49	55
	77,714	78,285	108,846
14. Resident Assistants Tuition Remission	8	3	---
	6,086	3,124	---
15. Spouse of Employee Fee Remission	23	18	17
	13,302	7,857	8,468
16. Spouse of Full-Time Student Remission	18	22	20
	5,936	6,929	6,747
17. 21st Century Textbook Awards	---	---	75
	---	---	13,700
<b>Fee Remit/Grant-in-Aid Subtotals</b>	<b>1,756</b>	<b>2,147</b>	<b>2,250</b>
	<b>1,776,147</b>	<b>2,257,960</b>	<b>2,371,283</b>
18. Short-Term Loans for Book and Supplies	897	1,024	957
	290,305	378,070	363,386
19. Institutional Student Employment	858	1,012	1,001
	938,050	1,150,768	1,119,847
<b>Totals for All Programs</b>	<b>3,511</b>	<b>4,183</b>	<b>4,208</b>
	<b>\$3,004,502</b>	<b>\$3,786,798</b>	<b>\$3,854,516</b>

(a) Athletic Grant-in-Aid includes tuition fee remission and payments for room, board, and textbooks.

(b) General Fee Remissions are given for English 490 tutors, student government officers, Hariaxton Study Abroad Grants, the College Achievement Program (CAP), graduate assistants, and international exchange students.