

To: University Faculty Council
From: Educational Policies Committee
Date: March 23, 1999
Subject: Proposal to Establish the "FN" Grade

Following is a document from the Registrar's Office, requesting UFC action.

1. **Background:**

A University-wide federal "A133" audit was conducted in 1996-97 which was a general audit of all University programs receiving federal funds, including Student Financial Assistance. The audit report was sent to the University on May 6, 1998, and contained a "finding" under the category of Student Financial Aid regarding a "Lack of an Acceptable Unofficial Withdrawal Policy for all Campuses."

The definition of an "unofficial withdrawal" is: A student who ceases to attend classes and fails to notify the school that he/she is officially withdrawing.

- A. For a student to be receiving student aid the student must be in attendance.*
- B. If a student withdraws during the federally defined aid refund period (usually about 10 weeks of a full semester) during which unused portions of aid must be returned to providers for students who withdraw, the university must return the portion of unused aid as determined by the withdrawal date or last date of class attendance. The university has a responsibility under federal aid regulations to determine a withdrawal date for "unofficial withdrawals" so that an accurate return of unused aid can be made. Determining this date can be especially difficult if the university does not require class attendance, and therefore has no record of when the student stopped attending. When aid is returned due to withdrawal or non-attendance, the University can attempt to recover from the student the portion of the returned funds that is not forfeited from university fees.*

The definition of the "withdrawal date" for an unofficial withdrawal is "the last recorded date of class attendance as documented by the school." In a practical sense, the last date of attendance can be based on instructor records of attendance, exams, or participation in class activities. In the absence of such documentation, the

institution can also accept documentation of class participation provided by the student to determine the last date of attendance.

At the time the audit was done, the federal ruling required that if attendance could not be documented at all, then the university would be required to return the full amount of aid, and then could attempt to recover the cost of repayment from the student. Recently, a revision of this rule allows for a determination of withdrawal date at the midpoint of the refund period whenever attendance cannot be documented to a specific date. In either case the university incurs a significant financial liability for cases of "unofficial withdrawal."

Additionally, the process used by the federal auditors to identify "unofficial withdrawals" which might require return of aid funds was as follows: Looking at student final grades, the auditors decided that any student who fell to less than half-time enrollment (the minimum enrollment for aid qualification) due to a combination of "F" and "W" grades could be considered an "unofficial withdrawal" who would not be qualified for aid through the entire semester, and for whom an official withdrawal date would need to be determined for courses receiving "F" grade in order to determine the correct refund amount. The basis of the inclusion of "F" grades in the formula is that the official IU grading policy requires that faculty assign an "F" grade for "unofficial withdrawals." Therefore any "F" grade might (or might not) indicate an "unofficial withdrawal." Using this formula, potential financial loss for Bloomington campus was estimated as more than 1 1/2 million dollars per year.

2. **Inadequacy of Past Procedure:**

For many years the Bloomington Registrar has conducted a mid-semester enrollment audit with faculty assistance, concurrent with midterm grade processing, to identify students who are enrolled but not participating in class, or attending class but not enrolled. The historical purpose of the audit was to identify and correct enrollment problems so that class rosters would be correct at the time of final grades. However, the audit also serves to provide some data for determining student participation in class. In the federal "A133" audit, these procedures of the Bloomington Campus were acknowledged by the auditors but found to be inadequate for the identification of unofficial withdrawals and for determination of a withdrawal date for these students. Three reasons were given: 1) faculty were not "required" to participate in the mid-semester enrollment audit, so data were incomplete; 2) although students were notified of identified enrollment problems and instructed to contact their instructors or the Registrar to resolve the problems, students were not "required" to respond; and 3) student attendance was not tracked after midterm.

3. **Changes Implemented for 1998-99:**

The Office of Student Financial Assistance (OSFA) contacted Registrar administrative staff last summer to work with them on some potential solutions to reduce campus liability related to "unofficial withdrawals." The following changes were put into place:

- A. This fall, we moved up the date of our enrollment audit to begin in the fifth week of classes in order to collect class participation information earlier in the semester. Enrollment verification rosters are now due from faculty at the beginning of the seventh week of classes, instead of the ninth week. The audit results served as the basis of a data report and analysis file provided to OSFA for further follow up with students. We report all students who would fall below half time enrollment if the courses in which they were indicated by faculty as not attending were counted as withdrawals, and who are also receiving federal student aid. We also take into account later "IM" and "FM" grades awarded at midterm to University Division students, which also indicate non-attendance. (A report by school is also produced of the enrollment

audit data to allow follow up by school advisors if the school wishes to do so.) For First Semester 1998-99, 112 students were reported to OSFA as potential "unofficial withdrawals."

- B. OSFA uses the data produced for contacting the reported students to inform them that they have been identified as not attending class and to require them to show evidence of class participation. Further financial aid is in jeopardy unless the student provides an adequate response demonstrating class participation.*
- C. We continue to separately contact students enrolled in class but not attending to resolve their enrollment problems. We encourage them to officially drop if they don't intend to finish the class so that a withdrawal date can be established and financial aid can be adjusted as appropriate.*

4. Further Recommendations:

Discussions were undertaken with campus administration and the Dean of Faculties, as well as with the registrars and financial aid directors on other campuses regarding further policy changes that might assist in reducing institutional liability. The following are our further recommendations:

- A. ESTABLISH AN "FN" GRADE ("F" FOR "NON-ATTENDANCE").**

This has been endorsed by the system-wide Academic Officers Committee. As proposed, the "N" part of the grade would not appear on the official academic record, but would appear on internal transcript formats and on registrar data files. This addition to grading policy would allow separation of "F" grades awarded for poor performance in class from "F" grades awarded for students who fail to attend or stop attending (the "unofficial withdrawals"). Since the "FN" grade would provide additional information regarding student performance (or, rather, lack of performance), it might also serve as an aid in advising.

- B. WHEN "FN" GRADE IS ASSIGNED, REQUIRE THE INSTRUCTOR ALSO TO SUPPLY A LAST DATE OF CLASS ATTENDANCE (OR CLASS PARTICIPATION) ON THE GRADE ROSTER.

This would provide a basis for establishing a "withdrawal date" for return of unearned financial aid.

- C. REQUIRE FACULTY TO PARTICIPATE IN THE REGISTRAR'S ENROLLMENT AUDIT, NOW CONDUCTED IN THE FIFTH TO SEVENTH WEEK OF EACH REGULAR SEMESTER.

We already receive a 93-95% response rate, so we think this requirement will have little additional impact on faculty. However, it should, if complied with, provide more complete data and improve the credibility of our enrollment audit results with the federal auditors.