



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

SEP 30 2010

THE ASSISTANT SECRETARY

Dr. Nancy B. Walters
Program Manager
Office of Higher Education
1450 Energy Park Drive, Suite 350
St. Paul, MN 55108-5227

Dear Dr. Walters:

This letter is in response to your State's request to the U.S. Department of Education (Department) for a waiver of the maintenance of effort (MOE) requirement under section 137 of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. §1015f. As you know, under that section, states are required to meet certain MOE requirements relative to spending for higher education. States that do not meet these requirements may not receive funds under the College Access Challenge Grant (CACG) Program.

Based on the data that Minnesota submitted on July 22, 2010, you were informed on August 19, 2010 of the Department's determination that the State qualified for a partial waiver of the MOE requirement under the HEA.¹ Following email correspondence and a teleconference with Department staff, Minnesota submitted revised data on September 9, 2010 stating that two errors had been made in the previously submitted data.² These errors were corrected in the revised data submitted on September 9. Based on these revised data, we have determined that Minnesota meets the MOE requirement under the HEA and does not need a waiver to receive its FY 2010 CACG funds.

Please note that Minnesota must retain all records relating to the MOE requirement and the CACG grants as required by 34 C.F.R. §80.42. The Department retains the right to conduct an audit or otherwise review these records in the future.

¹ The initial determination granted a partial waiver because while Minnesota experienced a decline in financial resources and reduced overall expenditures, the data submitted showed that funding for higher education was disproportionately reduced; that is, Minnesota decreased higher education expenditures by more than it reduced overall expenditures. Therefore, the partial waiver would have required Minnesota to restore funding for higher education to a level that would be proportional with the overall reduction in State government expenditures throughout the State.

² In their September 13, 2010 correspondence, Minnesota stated that the previously submitted data did not include the funds students received from the Minnesota State Work-Study Program for 2005-2009. In addition, there was an error in the amount of Minnesota State Grant awards received by students attending for-profit institutions in 2006.

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We have attached the FY 2010 grant award notification (GAN) to this letter. If you have questions regarding content of this letter or the GAN, please contact the CACG Program Manager, Karmon Simms-Coates, at 202-502-7807 or karmon.simms-coates@ed.gov.

Sincerely,

/s/

Eduardo M. Ochoa

Enclosure