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January 30, 2018

The Honorable Henry McMaster, Governor
Office of the Governor
1205 Pendleton Street
Columbia, South Carolina 29201

The Honorable Hugh K. Leatherman, Sr., Chairman
Senate Finance Committee
111 Gressette Building
Columbia, South Carolina 29201

The Honorable W. Brian White, Chairman
House Ways and Means Committee
525 Blatt Building
Columbia, South Carolina 29201

Dear Governor McMaster, Chairman Leatherman and Chairman White:

On May 19, 2017, the Governor signed into law S.480, which transferred the oversight of Denmark Technical College from the local-area commission to the State Board for Technical and Comprehensive Education. Also included in the legislation was the requirement for quarterly reports to the General Assembly and the Governor and the requirement for the State Board to submit a recommendation to the Chairman of the House Ways and Means Committee, the Chairman of the Senate Finance Committee and the Governor by February 1, 2018.

Over the course of the past nine months as the State Board for Technical and Comprehensive Education has been able to delve more deeply into the operations of Denmark Technical College, we have found irreparable problems stemming from declining enrollment, a lack of financial stability and neglected facilities.

The college's enrollment has declined significantly over the past several years from 1,678 in fall 2014 to 523 in fall 2017. This past fall, 406 students residing in the three-county service area — Allendale, Bamberg and Barnwell — opted to attend one of the surrounding technical colleges instead of Denmark Technical College. A large majority of those students (318) chose to attend Orangeburg-Calhoun Technical College. This lost enrollment has had a substantial negative impact on the college.

In addition, there are prevalent and ongoing issues with financial stability and internal controls. The past two fiscal year audits have indicated material weaknesses and significant deficiencies in internal control. During this same period, after removing the impact of the State pension liability, the college's unrestricted net position decreased by \$4.8 million (approximately 70 percent) from a balance of \$6.9 million as of June 30, 2015 to a balance of \$2.1 million as of June 30, 2017. The

unrestricted net position balance represents resources available for general college operations, so such a precipitous decrease, coupled with the decline in enrollment, heightens concerns about the college's ability to continue operations in future years. Additionally, the college's facilities – buildings, infrastructure and equipment – have been severely neglected over the years rendering some areas unusable today.

It is also important to note that the State Board for Technical and Comprehensive Education encompasses all 16 technical colleges across the state; and as a System, the deficit of one institution becomes that of the others. Accordingly, any shortfalls incurred by Denmark Technical College because of the issues listed above would be addressed as a System, negatively impacting funds available for the System's other 15 institutions.

As directed by S.480, the State Board for Technical and Comprehensive Education with input from key stakeholders has carefully considered the most effective, efficient delivery of technical college educational opportunities for the citizens of Allendale, Bamberg and Barnwell counties. It is the opinion of the Board that the operation of Denmark Technical College as currently configured is not sustainable long-term.

We recommend that Denmark Technical College no longer operate as a stand-alone college and that Orangeburg-Calhoun Technical College's service area be expanded to include Allendale, Bamberg and Barnwell counties. We strongly encourage Orangeburg-Calhoun Technical College to establish a satellite campus in at least one of these three counties.

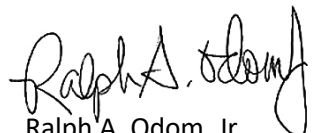
This is not a recommendation that the Board makes lightly. Denmark Technical College has had a long and valued history as one of the state's historically black colleges and universities. The college's service area includes some of South Carolina's most rural, economically challenged areas making access to a quality technical education even more essential.

Taking all the facts into careful consideration, it is the Board's belief that expanding Orangeburg-Calhoun Technical College provides the 45,000 citizens of Allendale, Bamberg and Barnwell counties with the quality technical education and training they deserve and presents the best path forward for future sustainability.

Sincerely,



Tim Hardee, Ed.D.
System President



Ralph A. Odom, Jr.
Chair