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Legislative Audit Council

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A LIMITED REVIEW OF FEDERAL EDUCATION FUNDING AND TESTING REQUIREMENTS IN SOUTH CAROLINA

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Introduction and Background

Audit Objective

Members of the S.C. General Assembly asked the Legislative Audit Council to conduct an audit of the S.C. Department of Education (SCDE) regarding federal funding linked to testing/assessment requirements and the cost/benefit associated with accepting the funding. Our objective for this audit was to:

- Review federal and state education laws and relevant U.S. Department of Education administrative guidance to determine potential impacts if South Carolina chooses not to accept federal funding and/or comply with federal education requirements.

Scope and Methodology

The period of our review was generally 2022 to 2024, with consideration of earlier or later periods, when relevant. We used the following sources as evidence:

- Interviews with SCDE employees, interested parties, and employees of other state entities.
- Federal and state laws and regulations.
- SCDE's financial statements and single audits.
- South Carolina Enterprise Information System (SCEIS)/Statewide Accounting System (SAP®).
- Information from applicable federal or state agencies.
- School testing/assessment information from South Carolina and other states.

Criteria used to measure performance included primarily state and federal laws, federal administrative guidance, agency policies, and the practices of other states and organizations. We reviewed internal controls in several areas. Our findings are detailed in the report.

We also interviewed staff regarding various information systems used by SCDE to determine how the data was maintained and what levels of control were in place. We identified ongoing legal proceedings and considered those in relation to our audit objective.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

S.C. Code §2-15-50(b)(2) requires us to review the effectiveness of organizations, programs, activities, or functions to determine if they should be continued, revised, or eliminated. We did not conclude from this review that educational testing and assessments should be eliminated; however, we address federal funding, federal testing requirements, and state testing requirements with recommendations noted when appropriate.

Background

According to the agency's website, SCDE's mission is to provide leadership and support so that all public education students graduate prepared for success. SCDE includes the following divisions:

Superintendent's Division
Supplies both internal support to agency staff and external support to districts and others so that all stakeholders can promote students becoming graduates. This division includes audit services, information services, human resources, and finance.

Legal Affairs
Includes general counsel, government affairs, grants, and procurement.

College, Career, and Military Readiness
Supports interagency offices, districts, schools, administrators, and teachers in preparing students.

District Operations
Provides services and support to districts and stakeholders so that learning environments are nurturing, emotionally safe, accessible, and physically safe for students and adults. This division includes transportation, school facilities, health and nutrition, and Medicaid services.

SCDE had 893 employees, as of July 2025. Its total budget for FY 25-26 is $7,611,068,522, which includes $4,393,428,827 in state appropriations. The federal funds portion is approximately $1.9 billion.

Our audit focused on FY 23-24 as the most recent complete year of financial data. SCDE's FY 23-24 total budget was $7,806,292,711, with $3,901,452,587 in state appropriations. Federal expenditures accounted for a little over $2.1 billion, with approximately $1 billion identified as COVID-19 funding.

State Board of Education

The State Board of Education (SBE) was established in Article XI Section 1 of the South Carolina Constitution. The Board consists of 17 members, 1 appointed for each of the state's 16 judicial circuits by the legislators representing the various circuits, and a 17th member appointed by the Governor. Members are appointed for four-year terms.

S.C. Code §59-18-310, part of the Education Accountability Act, requires the SBE, through the SCDE, to develop or adopt a statewide assessment program to promote student learning and to measure student performance on state standards.

South Carolina Education Oversight Committee

The S.C. Education Oversight Committee is an independent, nonpartisan group made up of 18 members, including educators, business people, and elected officials appointed by the General Assembly and the Governor. The committee's focus is to enact the S.C. Education Accountability Act of 1998.

Every Student Succeeds Act (ESSA)

ESSA, a law enacted by Congress to replace the No Child Left Behind Act in 2015, went into effect in the 2017-18 school year. ESSA outlines broad expectations for all states, and states are permitted to request waivers for any requirement that does not align with state goals or resources provided the request meets the waiver criteria in ESSA. ESSA was created with the idea that there should be limited federal involvement in the schools, on an administrative level as well as from a regulatory standpoint. Instead, it allows states to make decisions that are best for them, while ensuring all children have an opportunity for equivalent quality education, regardless of the state or locality.

Education Funding and Testing

Federal Law and U.S. Department of Education Administrative Guidance

The Every Student Succeeds Act (ESSA) codifies both the limited reach of the federal government in the state decision-making process and the flexibility states have in establishing testing requirements. Based on our review of federal education law and U.S. Department of Education administrative guidance, we also found:

- The Elementary and Secondary Education Act (ESEA) of 1965 offered new federal grants to school districts serving low-income students. The No Child Left Behind Act (NCLB), a 2002 update of ESEA, required states to hold schools accountable for student achievement. In 2015, ESSA reformed the policies of NCLB by "rejecting the overuse of standardized tests and one-size-fits all [*sic*] mandates" to empower states and school districts to develop their own strategies for improvement.
- ESSA rolls back much of the federal government's influence on education policy, in everything from testing and teacher quality to improving low-performing schools. States set their own education goals. ESSA encourages states and districts to improve and streamline assessments, which may include the elimination of unnecessary testing.

Chart 2.1 outlines select federal education milestones.

Chart 2.1: Select Federal Education Milestones



Source: LAC Analysis

Every Student Succeeds Act (ESSA) vs. No Child Left Behind Act (NCLB)

ESSA, a law enacted by Congress to replace NCLB in 2015, went into effect in the 2017-18 school year. Both NCLB and ESSA are major reauthorizations of ESEA, first enacted in 1965. NCLB was a prescriptive program requiring states to operate with limited regard to local need. Some of the major changes between NCLB and ESSA include allowing states to select their own success metrics and dictate their own testing, provided such tests still cover specific topics at prescribed intervals.

Although ESSA outlines broad expectations for all states, states are permitted to request waivers for any requirement that does not align with state goals or resources provided the request meets the waiver criteria in ESSA. South Carolina has requested and obtained multiple waivers over the years, and, according to SCDE staff, the waiver process has been streamlined and uncomplicated, but is a slow process.

There seems to be a misconception that current federal laws are the driving force behind decisions made around benchmarking and reporting, but that has not been the case since ESSA replaced NCLB. ESSA was created with the idea that there should be limited federal involvement in the schools, on an administrative level as well as from a regulatory standpoint. Instead, it allows states to make decisions that are best for them, while ensuring all children have an opportunity for equivalent quality education, regardless of the state or locality.

Limitations to Federal Authority

ESSA greatly restricts federal authority and includes the following wording:

- "Nothing in this title shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's specific instructional content, academic standards and assessments...."
- "Nothing in this title shall be construed to mandate equalized spending per pupil for a State, local educational agency, or school."

It additionally states the federal government may not mandate, direct, or control a state's, local educational agency's, or school's:

- Instructional content or materials, curriculum, program of instruction, academic standards, or academic assessments.
- Teacher, principal, or other school leader evaluation system.
- Specific definition of teacher, principal, or other school leader effectiveness.
- Teacher, principal, or other school leader professional standards, certification, or licensing.

ESSA does not "authorize activities or programming that encourages teenage sexual activity" and prohibits "aiding and abetting sexual abuse."

These changes in federal education law have allowed more flexibility for states. Overall, ESSA allows states to determine their own needs and how best to address them.

Testing Requirements

We reviewed South Carolina's testing requirements and school performance compared to six Southeastern states—Alabama, Florida, Georgia, Mississippi, North Carolina, and Tennessee. We found:

- South Carolina had requirements for testing and accountability in state law prior to the implementation of federal testing requirements.
- The majority (69%) of South Carolina's testing requirements for student assessments are based on state requirements, not federal requirements.
- The only federal funding we could identify in FY 23-24 that was directly tied to assessments in South Carolina was a grant used to assist in paying vendors for the creation and implementation of testing and to audit testing effectiveness.
- The S.C. Department of Education (SCDE) does not track the time and effort associated with meeting federal testing requirements except for employee salaries funded by federal grants.
- South Carolina has more testing requirements that are based solely on state requirements than North Carolina.
- South Carolina is required to review academic content standards every seven years, whereas North Carolina is required to review its academic content standards every five to seven years, and Georgia is required to review them every four years.
- South Carolina's 2024 graduation rate of 85.40% was the lowest among the Southeastern states reviewed, while Tennessee's was the highest at 90.60%.
- South Carolina was the only state of those reviewed that used descriptive ratings for its schools' performances (i.e., Excellent, Good, Average, Below Average, or Unsatisfactory), in accordance with S.C. Code §59-18-900.
- The State Board of Education did not begin the process to update the S.C. Code of Regulations to reflect current federal law until August 2024, seven years after the law became effective in the 2017-18 school year. The revision is set to become effective in January 2026.

Overview of Testing Requirements in South Carolina

Due to current state law, testing takes place regardless of the federal requirement; therefore, federal funds supplement the costs the state is already incurring. SCDE was granted approval from the U.S. Department of Education in May 2018 to utilize the state's existing testing requirements in lieu of developing additional tests based on the requirements of the Every Student Succeeds Act (ESSA). South Carolina has had requirements for testing and accountability in state law since the late 1990s, prior to the implementation of federal testing requirements associated with ESSA.

We reviewed FY 23-24 education funding for SCDE, the most current year available. We identified one federal grant for payment of expenses for testing and assessments in South Carolina. The grant was used primarily to pay vendors that provided computerized testing capabilities for federal testing requirements. The grant totaled approximately $8 million in FY 23-24. This grant was also used to pay the SCDE assessment and standards staff who worked directly with the testing that fulfills the federal requirements, including monitoring testing for efficacy and effectiveness.

ESSA allows for the elimination of unnecessary assessments when feasible and offers grant money to audit existing assessments for efficacy and effectiveness. Other expenditures related to testing are interwoven into teacher salary and instructional materials—along with other indirect costs associated with testing at a district level; therefore, SCDE does not track the time and effort associated with testing costs except for employee salaries funded by federal grants.

Federally required testing, as outlined in ESSA, includes:

- Reading and math testing once a year in grades three through eight, and once in high school.
- Science testing once in elementary school, once in middle school, and once in high school.

South Carolina has additional testing requirements that schools must meet in order to be compliant with the state's accountability system. The Elementary and Secondary Education Act requires each state to have a statewide accountability system, which includes monitoring group, school, and district performance. Assessments are a significant part of a state's accountability system. Chart 2.2 identifies the assessment, the applicable grade level for administration of the assessment, and whether the assessment is a federal and/or state requirement in South Carolina (see *Appendix A: S.C. Required Testing and Its Relevant S.C. Code/Regulation)*.

As shown in the chart, the majority of testing in South Carolina is a state requirement, not a federal requirement. Excluding the two optional college entrance exams, only 4 of the remaining 13 assessments in South Carolina are federal and state requirements, while 9 (69%) assessments are solely state requirements. The State Board of Education, in conjunction with EOC and SCDE, is responsible for developing and adopting a statewide assessment program in compliance with the S.C. Education Accountability Act.

Chart 2.2: Number of Assessments in South Carolina by Grade Level

Assessment [1]	Grade Level and Number of Times for Administration of Assessment													Federal Requirement	State Requirement
	K	1	2	3	4	5	6	7	8	9	10	11	12		
Kindergarten Readiness (KRA)	1														X
Formative Assessment Requirement Math K-8 [2]	3	3	3	3	3	3	3	3	3						X
Formative Assessment Requirement Reading K-8 [2]	3	3	3	3	3	3	3	3	3						X
Universal Literacy Screener [3]	3	3													X
Cognitive Abilities Test™ (CogAT®) [4]			1												X
Iowa Assessment™ [4]			1												X
SC READY [5]				1	1	1	1	1	1					X	X
Civics [6]										1					X
Biology [7]											1			X	X
English 2 [7]											1			X	X
Algebra 1 [7]											1			X	X
PreACT® *or* PSAT® [8]											1				X
U.S. History and Constitution [9]												1			X
S.C. Career Ready												1			X
ACT® *or* SAT® [10]												1			X
TOTAL ASSESSMENTS	**10**	**9**	**8**	**7**	**7**	**7**	**7**	**7**	**7**	**1**	**4**	**3**	**0**	**4**	**15**

Notes:

1 - School districts in South Carolina may require additional assessments, which were excluded for this analysis. Assessments for Pre-Kindergarten, Advanced Placement® courses, Adult Basic Education courses, and specified students were also excluded for this analysis.

2 - Formative Assessment taken three times a year for reading and math in grades K-8. Approved choices: MAP, STAR, iReady, Mastery View Predictive, Istation (K-2 only).

3 - All students in grades K-1 must be screened three times a year for potential reading difficulties. Approved choices are listed at ed.sc.gov, MTSS State Reporting.

4 - Assessment required by state law to evaluate students for placement into gifted and talented education programs.

5 - Testing includes English Language Arts, math, science, and social studies. Testing requirements varied in the 2024-25 school year in compliance with Proviso 1.72 of the General Appropriations Bill, which suspended testing of grade 8 in science and grades 5 and 7 in social studies. SCDE noted on its website that SC READY social studies would not be assessed in grades 3-8 during the 2024-25 school year.

6 - Civics course is required to be taken once during grades 9 through 12. Testing would occur once in the applicable year. For our analysis, testing was included for grade level 9.

7 - Course is required to be taken once during grades 9 through 12. Testing would occur once in the applicable year. For our analysis, testing was included for grade level 10.

8 - School districts must offer the PreACT® *or* the PSAT®. However, these pre-college entrance exams are optional for students.

9 - U.S. History and Constitution is required to be taken once during grades 9 through 12. Testing would occur in the applicable year. For our analysis, testing was included for grade 11.

10 - School districts must offer the ACT® *or* the SAT®. However, these college entrance exams are optional for students.

Source: SCDE, School Districts, and LAC Analysis

Other tests in South Carolina are administered to specific groups of students only, which include:

FEDERAL AND STATE REQUIREMENTS

- ACCESS or Alt ACCESS administered in the spring for multilingual students in kindergarten through grade 12. The Alt ACCESS assessment replaces, rather than adds to, testing requirements for multilingual students.
- SC Alt administered in the spring for students with the most severe cognitive disabilities in grades 3 through 12. The SC Alt assessment replaces, rather than adds to, testing requirements for these students.
- States are required by federal education law to ensure that the total number of students assessed in such subject using the alternative assessments does not exceed 1% of the total number of all students in the state who are assessed in such subject.
- The National Assessment of Educational Progress (NAEP) administered every fall and spring to a sample of students in grades 4, 8, and 12. The NAEP assessment is administered in every state.

STATE REQUIREMENTS

- Performance task assessments administered every spring to students in grades two through five, if needed to identify gifted and talented status.
- Advanced placement tests administered in the fall and spring for students in grades 6 through 12.
- Cambridge tests administered in the fall and spring to all students in grades 11 through 12 enrolled in Cambridge courses. The courses, through the University of Cambridge, provide students the opportunity to earn postsecondary credit accepted by colleges in the United States and abroad.
- International Baccalaureate® tests administered in the fall and spring to all students in grades 11 through 12 enrolled in these courses, which are internationally-benchmarked exams that provide opportunities for students to earn postsecondary credit while still in high school.

Testing Requirements in Southeastern States

ESSA allows for flexibility, and state education plans vary widely, making comparisons between states difficult. We discuss below some differences we identified between South Carolina and other Southeastern states.

College Preparatory Testing

A significant difference between the states reviewed is that college preparatory testing is a requirement in three of the states. In Alabama and North Carolina, 11th grade students are required to take the ACT®. In Tennessee, 11th grade students are required to take the ACT or the SAT®. In comparison, the ACT or SAT is optional in South Carolina.

Third Grade Reading Tests

Third grade is universally considered a critical year for learning fundamental reading skills. As discussed, federally required reading tests are administered to students beginning in the third grade. We found differences in how the results of testing are used for the promotion of third grade students among the Southeastern states reviewed, as shown below:

- South Carolina, Florida, and Tennessee require all third grade students to earn a score of "in the approaching range" (Level 2) or higher in the English Language Arts assessment.
- Georgia requires all third grade students to have reached the Proficient Learner level.
- Mississippi requires all third grade students to score in the Passing level or higher on the reading assessment.
- North Carolina administers a Beginning-of-Grade 3 (BOG3) Reading assessment each fall to obtain baseline data of students' reading skills, and requires all third grade students to achieve at least a Level 3 (of five levels) on the year-end reading assessment.

Academic Content Standards

In comparison to its neighboring states, South Carolina reviews its academic content standards less frequently than North Carolina and Georgia. North Carolina's State Board of Education has a policy requiring a review of and, if necessary, revisions to its academic content standards every five to seven years, with career-and college-readiness being a key focus, while Georgia's State Board of Education is required to review its core content standards every four years. South Carolina's State Board of Education, in consultation with the Education Oversight Committee, is required by S.C. Code §59-18-350 to review state standards and assessments every seven years, at a minimum.

When we asked how the state may improve its educational system, SCDE indicated that the state could benefit from a closer examination and modernization of S.C. Code §59-1-10 et seq. to improve outcomes for students. Reviewing academic standards and related state law more frequently may be advantageous to the success of South Carolina's educational system.

As discussed, the majority of South Carolina's testing is required by state law, not federal law. In Georgia, state law requires only five formative assessments that are not federally required:

- The Georgia Kindergarten Inventory of Developing Skills is administered throughout the year to kindergarten students.
- Literacy screeners are administered three times per year to students in kindergarten through grade three.

As shown in Chart 2.3, North Carolina has fewer assessment requirements for grades 3 through 12 than South Carolina. North Carolina's assessment requirements include End-of-Grade (EOG) and End-of-Couse (EOC) assessments. Of the assessments shown in the chart, the North Carolina Department of Public Instruction (NCDPI) informed us that the BOG3 reading test and the ACT suite of tests are the only assessments that are solely state requirements. However, NCDPI explained that the ACT and WorkKeys are included in North Carolina's federal accountability model as School Quality and Student Success indicators.

Also, North Carolina's State Board of Education policy requires assessments for students in kindergarten through grade two, which include ongoing individualized assessments throughout the year and a summative evaluation at the end of the year. The assessments for kindergarten through grade two are required to be implemented by all schools in North Carolina, but schools have discretion to choose from state-developed materials, adaptations of the state-developed materials, or unique assessments adopted by the local school board.

Chart 2.3: Assessments in North Carolina Grades 3 - 12

	GRADE →	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH	11TH	12TH
BOG3[1]	BOG3[1] Reading	✓									
EOG[2]	Reading	✓	✓	✓	✓	✓	✓				
	Math	✓	✓	✓	✓	✓	✓				
	Science			✓			✓				
EOC[2,3]	English II								✓		
	NC Math 1							✓			
	NC Math 3*								✓		
	Biology								✓		
ACT	PreACT[4]								✓		
	The ACT[4]									✓	
	ACT WorkKeys							For students who complete a concentration in Career and Technical Education courses[5]			

Notes:
1 - Beginning of Grade 3 Reading.
2 - Or associated NCEXTEND1 alternate assessment; high school assessment taken at Grade 10.
3 - For accountability purposes - English II by Grade 10 and one high school math and biology by Grade 11.
* - For students who took NC Math 1 prior to Grade 9.
4 - PreACT and The ACT (or the College and Career Readiness Alternate Assessments at Grade 10 and 11) are administered to students as part of the state accountability model.
5 - Per § 115C-174.25.

Source: Website for North Carolina's Department of Public Instruction, Family Guide to Assessment

South Carolina's Accountability System for Education

South Carolina's accountability system was created by the General Assembly in 1998. The S.C. Education Oversight Committee (EOC) was responsible for merging it with the federal accountability system. EOC is an independent, nonpartisan group made up of 18 members, including educators, business people, and elected officials appointed by the General Assembly and the Governor to enact the S.C. Education Accountability Act (SCEAA) of 1998. SCEAA sets standards for improving the state's kindergarten through grade 12 educational system and requires the development of an annual report card for the performance of each school and school district in the state.

SCEAA outlines provisions for a performance-based accountability system, including academic standards and assessments. S.C. Code §59-18-310(A) states:

> …the State Board of Education, through the Department of Education, is required to develop or adopt a statewide assessment program to promote student learning and to measure student performance on state standards and:
>
> (1) identify areas in which students, schools, or school districts need additional support;
> (2) indicate the academic achievement for schools, districts, and the State;
> (3) satisfy federal reporting requirements; and
> (4) provide professional development to educators….

Beginning with the 2025-26 school year, SCEAA requires the State Board of Education to create a statewide adoption list of no more than five nationally-normed formative assessments for use in kindergarten through grade eight aligned with state content standards in English Language Arts and mathematics. The formative assessments, which evaluate student progress towards educational objectives *during* learning, must provide diagnostic information in a timely manner to all school districts for each student during the school year. SCEAA stipulates that local districts must be allocated resources to select and administer formative assessments from the statewide adoption list to improve student performance, subject to appropriations from the General Assembly. In SCDE's and EOC's responses to the preliminary draft, each noted this process is under way but has not been completed.

EOC is charged with encouraging continuous improvement in the state's public schools; approving academic content standards and assessments; and establishing and continually improving the state's educational accountability system. EOC is a legislative agency and works closely with the General Assembly to provide data and recommendations for programs, policies, and funding. The agency provides regular, routine, and ongoing review of the state's education improvement process and accountability system; assesses the performance of the state's public schools; and evaluates the standards schools must meet to build a quality educational system in the state. EOC also has responsibility, by state statute, for district and school report cards, issued annually.

Comparison of South Carolina's School Report Cards with Other Southeastern States

We compared South Carolina's school report cards to six other Southeastern states—Alabama, Florida, Georgia, Mississippi, North Carolina, and Tennessee. The other Southeastern states were selected for comparison due to their proximity to South Carolina, similarity to South Carolina, and/or interest in refusing federal educational funding (Tennessee). School report cards are required under ESSA and reflect the performance level of each school in the respective state, including the state's high school graduation rate.

As shown in Chart 2.4, South Carolina's 2024 graduation rate of 85.40% was the lowest among the states reviewed, while Tennessee's was the highest at 90.60%. During the 2023-24 school year, most schools in South Carolina performed at the average level.

- South Carolina was the only state of those reviewed that used descriptive overall ratings for its schools' performance (i.e., Excellent, Good, Average, Below Average, or Unsatisfactory), in accordance with S.C. Code §59-18-900.
- Five states reviewed—Alabama, Florida, Mississippi, North Carolina, and Tennessee—used applicable letter grades to rate their schools' overall performance (i.e., A, B, C, D, or F).
- Georgia used the College and Career Ready Performance Index (CCRPI) to rate each school's performance with an individual number score from 0 to 100, beginning with the 2022-23 school year. The CCRPI includes five main components: content mastery, progress, closing gaps, readiness, and graduation rate.

Chart 2.4: School Report Cards, School Year 2023-24

State	Graduation Rate	Number of Schools with Applicable Quality Rating					Total Number of Schools Rated
		Excellent	Good	Average	Below Average	Unsatisfactory	
South Carolina [1]	85.40%	232	317	477	186	49	1,261
		Number of Schools with Applicable Letter Grade					
		A	B	C	D	F	
Alabama [2]	90.04%	316	521	353	126	30	1,346
Florida	89.70%	1,296	915	1,113	107	8	3,439
Mississippi [3]	89.40%	294	280	164	89	29	856
North Carolina	87.00%	180	485	922	654	145	2,386
Tennessee	90.60%	290	484	508	330	78	1,690
Georgia [4]	85.44%						2,300

Notes:
1 - South Carolina assigned descriptive ratings for school performance, whereas other states in the chart assigned a letter grade or number score to school performance. Twenty-eight schools in South Carolina did not receive a rating because fewer than 20 students were tested.
2 - Fourteen schools in Alabama did not receive a rating because fewer than 20 students were tested.
3 - Five schools in Mississippi did not receive a rating due to testing irregularities or not being applicable to a school.
4 - Georgia discontinued the use of assigning letter grades (A - F value) for school performance as of 2022-23 and began using the College and Career Ready Performance Index (CCRPI) as a measuring tool.

Source: State Education Agencies' Websites

According to research by Excel*in*Ed, a nonprofit organization conducting research that supports leaders in transforming education, there is more transparency when using letter grades for rating school performance because parents and the public understand the difference between an A and an F with no explanation needed. The organization noted that transparency is the catalyst for actions that improve student achievement. By using A-F school grading, a system-wide focus on school effectiveness is established that produces a sense of urgency to ensure schools are meeting the needs of every student. The organization's research found that letter grades hold schools accountable for clear academic goals.

However, a September 2024 study by the Education Commission of the States found that 13 states use descriptive ratings, including South Carolina, while only 6 states use A-F ratings. As long as the rating system continues to adequately communicate the effectiveness of South Carolina's schools to parents and other interested parties, we did not identify a need to recommend a change to the state's rating system at this time.

Oversight of Academic Standards

The respective state boards of education have responsibility for oversight of the academic standards for public elementary and secondary education in all of the Southeastern states we reviewed. However, as discussed, EOC is also involved in education oversight in South Carolina. Other Southeastern states have similar agencies involved in education oversight. For example, the Georgia Title I Committee of Practitioners must review and comment on any proposed or final state rules, regulations, and policies related to federal program grants prior to publication. In Tennessee, the Southern Regional Educational Board—an independent, nonprofit, nonpartisan agency that works with 16 member states—develops an external feedback report to improve public education.

Under ESSA, states must follow more requirements for state report cards. Some of the new requirements include a description of the state's accountability system; schools identified as in need of support and improvement; teacher qualifications; and per-pupil expenditures from all funding sources. Additionally, ESSA school improvement measures require that, at least every three years, states must identify and intervene in the bottom 5% of the lowest performing schools, and in high schools where the graduation rate is less than 67%.

Outdated References to Federal Law

Regulations

The S.C. Code of Regulations has not been updated to reflect current federal education law. Chapter 43 of the S.C. Code of Regulations, regarding the State Board of Education (SBE), references the No Child Left Behind Act. However, the No Child Left Behind Act was replaced by ESSA, which became effective with the 2017-18 school year. The reform to federal law was made to reject the overuse of standardized tests and rigid mandates, and to instead give states and school districts the ability to develop their own strategies for improvement.

SBE's policy for rule development states, in part:

> The Chair of the Board shall appoint an ad hoc committee of the Board to review its policies, rules, and regulations and make recommendations to the Board for revisions in order to maintain an up-to-date compilation of them. Further, the State Superintendent shall annually, or more often, if appropriate, review these documents to insure they are consistent with current legislative provisions and report to the Board.

SBE requires a two-step reading process at any regular SBE meeting for enactment, amendment, or repeal of policies, rules, and regulations. SBE has a pending regulation, which will become effective in January 2026, to update language in Chapter 43 of the S.C. Code of Regulations to align the statewide assessment program with ESSA. However, the revision process did not begin until August 2024, seven years after ESSA became effective in the 2017-18 school year. State law should accurately reference the current related federal law.

Website

In April 2025, SCDE's website regarding the ACCESS test contained a reference to complying with the requirements of the No Child Left Behind Act of 2001, eight years after implementation of ESSA, which superseded the No Child Left Behind Act. When SCDE's website was viewed again in June 2025, the information regarding the ACCESS test had been updated to reflect the current federal law, ESSA, instead of the No Child Left Behind Act.

Subsequently, when we asked if there was a policy in place for updating its website, SCDE responded that there is no specific policy. Instead, SCDE has a small group of content managers within each division charged with ensuring the division's webpages are updated as part of their day-to-day duties. SCDE noted that it still encounters people who refer to ESSA as "No Child Left Behind" and outdated references may have been intentional if that was how the community who accessed the page the most referred to it. However, referencing outdated federal law is not an effective or accurate form of communication.

Recommendations

1. The General Assembly should establish a study committee to review S.C. Code §59-1-10 et seq. to identify opportunities for modernization and changes that may lead to positive educational outcomes for South Carolina's students, including the timeframe for how frequently academic areas should be reviewed and the necessity of each state-required assessment.
2. The S.C. State Board of Education, in conjunction with the S.C. Education Oversight Committee, should review the statewide assessment program to identify opportunities for changes that may lead to positive educational outcomes for South Carolina's students, including the necessity of each state-required assessment.
3. The S.C. State Board of Education should develop and implement a formal policy for ensuring the S.C. Code of Regulations reflects up-to-date information, including the current federal law governing the educational system when the law becomes effective.
4. The S.C. Department of Education should develop and implement a formal policy for updating its website to ensure it reflects up-to-date information, including the current federal law governing the educational system when the law becomes effective.

South Carolina Education Funding

In FY 23-24, South Carolina expended $2.1 billion in federal funding on education, comprising 29% of total expenditures by the SCDE. Roughly 77% of the actual federal expenditures were from grants awarded by the U.S. Department of Education (USDE).

The Every Student Succeeds Act (ESSA) Title grants provide funding to states and local education agencies for various education programs. Should a state refuse these funds, the monies would be placed back into the available Title grant funds for allocation to the other participating states. The federal laws and funding are only interwoven to the degree that failure to comply with the law may temporarily remove funding from grant awards.

Federal Education Grants

In FY 23-24, South Carolina expended $2.1 billion in federal funding on education (including USDE grants, U.S. Department of Agriculture grants, and other federal grants), an amount comprising 29% of total expenditures by SCDE. Approximately 77% of the actual federal funding expenditures were from grants awarded by USDE. COVID-19 funding accounted for approximately $1 billion of the $2.1 billion in expenditures.

ESSA Title grants are a series of formula and non-formula (competitive) grants for which states may apply. These federal grants include:

TITLE I
Programs designed to provide all children significant opportunity to receive a fair, equitable, and high-quality education, and to close educational achievement gaps. The grant known as Title I, Part A, is, by far, the largest of the Title grants SCDE receives and is a formula grant based, in part, on demographic poverty levels. This Title includes school improvement funds. In FY 23-24, SCDE expended $318,602,023 in Title I funds.

TITLE II
Programs for teachers, principals, and school leaders; literacy; and American history and civics education. This Title includes the Improving Teacher Quality State grants. In FY 23-24, SCDE expended $35,174,275 in Title II funds.

TITLE III
Programs to support English language acquisition for English learners. In FY 23-24, SCDE expended $5,937,922 in Title III funds.

TITLE IV
Programs to support a well-rounded education, safe and healthy students, and technology; after-school instruction and care; charter schools; magnet schools; family engagement in education; and various national activities. In FY 23-24, SCDE expended $46,325,291 in Title IV funds.

TITLE V
Programs to support rural education. In FY 23-24, SCDE expended $3,359,709 in Title V funds.

TITLE IX
Programs to educate homeless children and youths. In FY 23-24, SCDE expended $1,929,392 in Title IX funds.

Additional ESSA Title grants include Title VI: Indian, Native Hawaiian, and Alaska Natives, and Title VII: Impact Aid Programs. SCDE did not request these two Title grants for FY 23-24.

USDE has streamlined the application process by allowing a consolidated grant application for all Title funds. By accepting the grants, states agree to the stipulations as outlined in the grant agreements for the awards. As noted, the funding and federal laws are only interwoven to the degree that failure to comply with the law may temporarily remove funding from grant awards.

Acceptance of Title I funds, in particular, requires some activities unique to that grant's compliance, such as:

- Participating in the National Assessment of Educational Progress (NAEP), otherwise known as the Nation's Report Card, which requires a representative sampling of students to take a short portion of a randomly assigned test. The NAEP is a common measure for student achievement, offering insight into kindergarten through grade 12 education levels within states, as there is no federally mandated, standardized testing to compare nationally.
- Developing an actionable plan for schools identified to have a higher population of low-income children to ensure teachers do not disproportionately fall into the categories of "out-of-field," "ineffective," or "inexperienced."
- Monitoring to ensure any teacher paid through these funds has applicable licenses and certifications.

The grants do not have standardized testing requirements, and refusal of the grants will not eliminate testing requirements as set forth in ESSA. The state may elect not to comply with ESSA requirements, but South Carolina testing requirements currently exceed federal law requirements. All testing required by ESSA is also South Carolina state-mandated testing (see *Testing Requirements)*. Additionally, a state's refusal to apply for a formula grant (such as Title I) simply places the funds that would have been allocated to that state back into the available federal funds; those funds would then be allocated to the other participating states.

Other FY 23-24 federal education grants from which SCDE expended funds include:

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA)
Assists states in providing free appropriate public education in the least restrictive environment for children with disabilities. In FY 23-24, SCDE expended in $232,621,305 in IDEA funds.

PERKINS V OR 21ST CENTURY ACT
A part of ESSA, strengthens Career and Technical Education. In FY 23-24, SCDE expended $23,805,562 in Perkins V funds.

ADULT EDUCATION
A part of ESSA, supports adult education and literacy programs. In FY 23-24, SCDE expended $10,334,871 in Adult Education funds.

EDUCATION RESEARCH
Provides interested parties and the general public with reliable and valid information about education practices that improve academic achievement and access to education opportunities. In FY 23-24, SCDE expended $119,638 in Education Research funds.

INSTITUTE OF EDUCATION SCIENCES (IES)
Allows states to design, develop, and implement statewide data systems to manage, analyze, and use individual student data. In FY 23-24, SCDE expended $423,254 in IES funds.

REHABILITATION ACT OR PATHWAYS TO PARTNERSHIPS
Supports projects focused on the creation of systemic approaches to transition services for children and youth with disabilities. In FY 23-24, SCDE expended $150,105 in Rehabilitation Act funds.

UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)
Supports programs for child nutrition, national school lunch, fresh fruit and vegetables, among others. In FY 23-24, SCDE expended $480,642,550 in USDA funds.

Potential Impacts of Refusing All Federal Education Funds

It is impossible to determine, with certainty, the actions of the federal government and the impact to the state if South Carolina were to refuse all federal education funds. No state has refused all federal education funds, and as such, no precedent has been established for the resulting outcome.

We reviewed state and federal laws and the actions of other states regarding federal education funds. We also obtained input from the S.C. State Board of Education (SBE), the S.C. Education Oversight Committee (EOC), the S.C. Department of Education (SCDE), and the U.S. Department of Education (USDE) to determine the potential impacts to the state if South Carolina were to refuse federal education funds. We found:

- In FY 23-24, SCDE expended approximately $2.1 billion in federal funds, including approximately $1.7 billion in grants from USDE (of which approximately $1 billion was in temporary COVID-19 funds).
- If South Carolina were to refuse federal education funds, additional state funding of at least $411 million up to $680 million may be needed to cover the loss of the federal education funds, based on SCDE's FY 23-24 expenditures.
- Refusing federal education funds could potentially result in litigation against the state by school districts on the basis of insufficient funding to provide a "minimally adequate" education.
- Refusing all federal education funds could potentially result in litigation against the state by parents of students whose services were impacted by the loss of those funds, such as disadvantaged, disabled, or other special needs students.

Impact on State Appropriations for Education

Based on SCDE's FY 23-24 expenditures, if South Carolina were to completely refuse federal education funds, increasing state appropriations for education by at least $411 million up to $680 million may be necessary in order to maintain the state's current funding level for its educational system. It does not appear that U.S. Department of Agriculture (USDA) grants ($481 million) would be impacted by a state's adherence to ESSA. Because no state has completely refused federal education funds, we could not definitively determine which grants would be affected or what actions the U.S. Secretary of Education may take.

In FY 23-24, SCDE expended approximately $2.1 billion in federal funding, which included approximately:

- $1.7 billion in grants from USDE, of which $1 billion was temporary COVID-19 funding that did not factor into our analysis for the amount the state may need to replace.
- $481 million in grants from USDA.
- $1.7 million in other federal grants.

It appears that only grants from USDE would be affected by the state's refusal to accept all federal education funds, which was approximately 9% of SCDE's total expenditures in FY 23-24. However, USDE stated that if a state opts out of funding under one program, it may jeopardize access to other programs due to the calculation of grant awards, both formula and discretionary. USDE also stated that when a grant recipient is out of compliance with an aspect of a program, its secretary has discretion to determine what actions to enforce.

South Carolina is required to provide specific federally mandated programs, regardless of whether federal education funds are received by the state. For example, federal law encompasses the Individuals with Disabilities Education Act and the Carl D. Perkins Career and Technical Education Act of 2006, among other programs. We could not determine, with certainty, whether funding for these programs would be affected if South Carolina were to completely refuse federal education funding. As discussed, potential actions are at the discretion of the U.S. Secretary of Education. Without federal education funds to assist in paying for these programs, state funds may have to pay the costs to provide these programs to maintain the current level of services.

Impact to South Carolina and Its Citizens

Increased Tax Burden/Reduced Services/Program Cuts

If South Carolina were to refuse all federal education funds, it could result in an increased tax burden or a possible reduction in services. The General Assembly could make up the difference caused by the loss of at least $411 million up to $680 million of federal education funds by potentially increasing state taxes or decreasing funding in other areas to ensure adequate funding for the state's education system. Reduced funding could lead to reduced services and program cuts.

Potential Litigation by School Districts

There is the potential for litigation to be brought by school districts if the state refuses all federal education funding. In the 1999 case of *Abbeville County School District v. State of South Carolina*, 40 school districts sued the state regarding the state's funding of primary and secondary education.

The school districts claimed that state education funding for their districts was insufficient for the districts to be able to provide an "adequate" education. This resulted in the 2014 S.C. Supreme Court decision where the Court found for the school districts in determining that the state's education funding system denied students in the plaintiff districts from receiving a "minimally adequate" education. The Court, however, did not provide the General Assembly with a specific solution to the case. However, in 2017, the S.C. Supreme Court vacated the 2014 decision, nearly 20 years after the case was filed. It is impossible to predict how the courts would rule in such cases and how long it would take for final resolution, including the costs to the state, should lawsuits be filed.

Potential Litigation by Parents

There could also be the potential for litigation against the state by parents of students whose services were impacted by the loss of federal education funds, such as disadvantaged, disabled, or other special needs students. Again, it is impossible to predict how the courts would rule in such cases and how long it would take for final resolution. Litigation would be an additional cost to the state.

No Other State Has Completely Refused Federal Education Funds

No precedent has been established for actions the federal government may take if a state completely refuses federal education funds. We found that no other state has completely refused federal education funds. In 2023, Tennessee's House and Senate formed a joint working group to explore the possibility of refusing federal education funds. Tennessee's Senate concluded that many of the objectives and requirements identified for the funds already aligned with the state's own requirements, and the Title grants provided funding for many things the state would be doing, regardless. Ultimately, in January 2024, Tennessee determined at that time it would not be financially prudent to reject federal education funds and replace them with state funds.

The Tennessee working group sought the assistance of the National Conference of State Legislatures (NCSL), which provided testimony in November 2023 that appears to have factored heavily into Tennessee's decision to continue accepting federal education funds. NCSL does not make recommendations on state policy but offers nonpartisan analysis and facilitates exchanges between states. The NCSL representative testified that determining whether to continue receiving federal aid for education is a very complicated question—no state legislature has ever taken specific actions to discontinue participation in major federal education programs.

Because no other state has completely refused federal education funds, it is impossible to determine, with certainty, the actions of the federal government and the impact to the state if South Carolina were to refuse federal education funds. ESSA, and federal education law in general, is written in a way that only ties federal requirements to the funding and gives states the option to receive funds for ESSA programs, rather than legal requirements states must follow, regardless of the acceptance of funding.

Input from Educational Agencies

We asked the State Board of Education (SBE), the Education Oversight Committee (EOC), the S.C. Department of Education (SCDE), and the U.S. Department of Education (USDE) for input on the potential impacts of refusing federal education funds. Although we sent separate requests to representatives of SBE and SCDE, SCDE stated SBE shared its responses with the agency, and SCDE agreed with SBE's responses, finding them to be "thoughtful and thorough, providing a comprehensive review of the issues raised." SCDE provided no additional responses for the related questions. Chart 2.5 summarizes responses from the state agencies, while Chart 2.6 summarizes responses from USDE.

South Carolina State Educational Agencies' Responses

Common themes in the responses from the state educational agencies regarding the potential impacts of refusing federal education funds include:

- An impact study should be conducted.
- South Carolina would lose nearly $2 billion, leading to the loss of federally funded employment positions.
- Refusing to follow federal law would result in not following state law.
- The General Assembly would need to amend S.C. Code §59-1-10 et seq. (see *Testing Requirements*).

Based on our review, we found the possible loss of federal education funds would likely be at least $411 million up to $680 million, based on FY 23-24 expenditures excluding temporary COVID-19 funds. Refusing federal education funds may affect many areas within the state's education system and each South Carolina taxpayer.

Chart 2.5: State Agency Responses for Potential Impacts of Refusing Federal Education Funds

AGENCY	RESPONSES
S.C. STATE BOARD OF EDUCATION AND S.C. DEPARTMENT OF EDUCATION	An impact study should be conducted.
	Primary ramifications of refusing federal education funds would likely be a loss to the state of nearly $2 billion and the loss of employment positions, along with others.
	S.C. would not be required to fulfill testing requirements under ESSA or other federal laws if federal education funds were refused.
	The State Board of Education is required to promulgate regulations in order for the state to comply with both federal and state assessment requirements.
	If South Carolina refused federal education funding and/or refused to follow federal education law, the state would have to satisfy all existing requirements with state resources alone, and failure to follow federal law would likely result in violating state law.
	Failure to follow federal education law would also result in the General Assembly having to amend several sections of Title 59 of the S.C. Code to remove any mention of state and federal accountability mandates.
S.C. EDUCATION OVERSIGHT COMMITTEE	The most direct ramifications from refusing federal education funds would be the immediate loss of an estimated 16.2% (nearly $2 billion), including funding for charter schools. This would cause a net increase to the state's budget and would also result in loss of employment for federally funded positions. If the state continued to comply with ESSA, the state would have to satisfy all existing ESSA requirements with state resources alone.
	An impact study could likely estimate the immediate effects of refusing federal funding, but the long-term effect may be impossible to project until it is observed.
	All federal testing for K-12 appears to be contingent upon the acceptance of federal funds, and no statute appears to compel a state to test students if the state forgoes federal education funding.
	The federal requirements of ESSA are embedded in the S.C. Code of Laws. It is our belief that we could not refuse to follow federal education law without also failing to follow state law.
	The General Assembly would have to amend several sections of S.C. Code Chapter 18 of Title 59 to remove mention of federal mandates. Because state law includes testing requirements that are not required by ESSA, it suggests that the General Assembly sees some value in information obtained from assessments and their ability to support positive educational outcomes for South Carolina students.

Source: Responses from SBE, SCDE, and EOC

U.S. Department of Education Response

As indicated in USDE's response in Chart 2.6, the actions USDE may take when states are in noncompliance with an aspect of a federal education program are varied and are at the discretion of the U.S. Secretary of Education. As discussed, it is not possible to determine, with certainty, what the outcome would be if South Carolina refuses all federal education funds.

Chart 2.6: U.S. Department of Education Response for Potential Impacts of Refusing Federal Education Funds

AGENCY	RESPONSE
U.S. DEPARTMENT OF EDUCATION	It is not uncommon for a state to opt out of receiving federal education funds for specific programs. For instance, there are a few states that do not accept funds from Title I-C. However, if a state opts out of funds under one program, it may jeopardize access to other programs due to the calculation of grant awards, both formula and discretionary.
	USDE carries out is fiscal controls and enforcement protocols in accordance with the General Education Provisions Act (20 U.S.C. §1234). USDE directs South Carolina to consult the text of that statute with regard to any concerns over noncompliance under a program administered by USDE. When the Secretary determines that a recipient is out of compliance with an aspect of a program, there are a range of enforcement actions available, which the Secretary has discretion to determine. Such actions include: ▪ Sending a written request to the state that it come into compliance. ▪ Increasing monitoring. ▪ Placing a condition on the state's grant. ▪ Placing the state on high-risk status. ▪ Issuing a cease and desist order. ▪ Entering into a compliance agreement to secure compliance. ▪ Suspending, and then withholding, all or a portion of the state's programmatic funds.
	When the Secretary chooses to enter into a compliance agreement with a state, such an agreement would only be binding after a hearing at which the recipient state and affected students and parents would be able to participate. If the Secretary determines that full compliance with the applicable requirements of law is not feasible until a future date, a compliance agreement may be entered into for up to three years.
	Generally, if a state education agency (SEA) were in noncompliance with a specific Title of ESEA, access to other Title funds would not be jeopardized, unless the act of noncompliance were to impact other programs.
	Generally, if an SEA is in noncompliance with a formula grant program, discretionary grants are not affected. However, USDE would have the discretion to consider the SEA's lack of compliance when evaluating the risk of awarding a discretionary grant to the SEA.

Source: Response from USDE

Survey of Other States

We surveyed 13 states to ask a series of questions related to federal education funding and compliance with the Every Student Succeeds Act (ESSA). We found:

- Oklahoma, Tennessee, and Utah have considered refusing federal education funds; however, per the National Conference of State Legislatures (NCSL), no state has chosen to discontinue participation in any of the major federal grant programs for elementary and secondary education.
- Tennessee has attempted to quantify costs associated with refusal of federal education funds but found it would come at the expense of other investments in the state.
- Utah indicated it tracks the cost of complying with federal education mandates.
- Alaska, Mississippi, and Utah allow students in kindergarten through grade 12 to opt out of testing/assessments.

State Responses

Our survey included a judgmental sample of 13 states and asked a series of questions related to federal education funding and compliance with ESSA. We surveyed Alabama, Alaska, Florida, Georgia, Iowa, Mississippi, Montana, North Carolina, Oklahoma, Oregon, Tennessee, Utah, and Washington. These states were chosen based on their proximity to South Carolina and/or their actions relevant to our audit objective.

Of the states surveyed, eight provided responses, four did not respond, and one declined to participate. We also reviewed information provided by NCSL and from internet sources to determine more about the states' compliance with federal education mandates, to determine if the states track the costs of complying with the mandates, and to analyze the potential effects of refusing federal education funding.

We found that most of the responding states have not failed or refused to comply with federal education mandates or determined how much it costs to adhere to those mandates. Only Tennessee indicated it had determined how much it would actually cost the state to refuse federal education funds and that it tracked the cost of complying with federal testing/assessment requirements.

As of early August 2025, we were not aware of any state refusing to accept all federal education funds. While Tennessee has attempted to quantify the financial effects of refusing federal education funding, it is expected that the effects of refusing such funding will vary by state.

Consideration of Refusing Federal Education Funds

States that have previously considered refusing all or a portion of federal education funds include Oklahoma, Tennessee, and Utah. However, according to NCSL, no state has chosen to discontinue participation in any of the major federal grant programs for elementary and secondary education programs (see *Potential Impacts of Refusing All Federal Education Funds)*.

Cost of Refusing Federal Education Funds

In January 2024, the Senate division of Tennessee's legislative joint working group on federal education funding determined that the state could use its 2024-25 uncommitted state recurring revenue to replace the roughly $1.1 to $1.3 billion the state receives annually in federal education funds. However, Tennessee concluded this would come at the expense of other potential investments in the state. The House division of the Tennessee joint working group determined that Perkins V grants and U.S. Department of Agriculture food services grants would likely not be impacted if other federal education grants were refused. Ultimately, Tennessee decided not to refuse federal education funds, though the House division of the joint working group said it intends to continue deliberations on the issue.

Noncompliance with Federal Education Mandates

We are aware of only one state, Washington, having lost control of federal funds and temporary policy waivers due to noncompliance with past federal education law, the No Child Left Behind Act (NCLB). This was due to the state's failure to meet the teacher evaluation component of NCLB. Arizona, Kansas, and Oregon also had federal education waivers that were considered "at risk" for the same reason.

Montana reported that it had previous issues of noncompliance with Title I, special education, and Elementary and Secondary School Emergency Relief Fund requirements, though no significant ramifications have resulted from those single audit findings. Alaska and North Carolina also reported they have had instances of noncompliance, but no federal penalties have resulted.

No responding states indicated they had asked the U.S. Department of Education (USDE) to provide information on potentially refusing to follow ESSA. However, we did receive information from USDE on the potential ramifications of state noncompliance with ESSA (see *Potential Impacts of Refusing All Federal Education Funds*). Utah indicated that it actively engages with USDE to seek waivers and flexibility from specific provisions of ESSA in order to align federal requirements with existing state laws and maintain more local control.

Cost to Comply with Mandates

Of the eight respondents to our survey, Alaska reported it does not track costs associated with complying with federal education mandates, while Utah does. However, Utah does not track such costs in a manner that chronicles the costs in a single report; instead, these costs are "embedded in various financial oversight and legislative processes."

Kindergarten through Grade 12 Student Testing/Assessment

From the survey responses we received, we tabulated how states determine which tests to administer, how they monitor testing for efficiency and effectiveness, and whether they allow students to opt out of testing. We found that the responding states choose which tests to administer through their state boards of education, state departments of education, state legislatures, oversight committees, or a combination of these. We also found that these states monitor accountability through their state boards of education, state departments of education, site visits/peer review processes, school report cards, oversight committees, contracted advisory committees, local education agencies (LEAs), or a combination of these. For comparison, we included South Carolina's structure in Chart 2.7.

Most of the responding states do not allow students to opt out of testing requirements. Alaska, which does allow students to opt out, has yet to meet the required 95% participation rate required by ESSA; however, USDE has not addressed this instance of the state's noncompliance.

Chart 2.7: Comparison of State K-12 Testing Administration, Monitoring, and Opting Out, as of August 2025

State*	Entity or Process for Determining Which K-12 Tests to Administer	Mechanism for Monitoring Efficiency/ Effectiveness of K-12 Testing	Student Testing Opt Out Allowed
Alabama	State board of education, with input from state department of education	Monitoring done by state department of education	No
Alaska	Legislative process	State accountability system, which includes site visits and peer review process	Yes
Iowa	State department of education	No response	No
Mississippi	State department of education	State department of education and contracted advisory committee	Yes
North Carolina	Legislative process	Monitoring by state board of education and state department of education	No
South Carolina	State board of education, with input from state department of education and approval by education oversight committee	School report cards and monitoring by education oversight committee	No
Tennessee	State department of education	Monitoring by state department of education	No
Utah	State legislature and state school board	School report cards and monitoring by state board of education and LEAs	Yes

*While Montana responded to our survey, it provided no responses on the subjects shown in this chart.

Source: LAC Analysis of Information Provided by Surveyed States and Information Obtained from LAC Research

Cost of Test Development and Administration

Most of the responding states did not indicate whether they track costs related to federally required testing/assessment. However, in October 2020, Tennessee prepared a legislative brief on test development as to process and costs. Like most states, Tennessee contracts with vendors for the bulk of its testing program and, in 2018-19, spent almost $38 million on the program. The majority of the cost was associated with vendor charges for test development, administration, scoring, and reporting, while a small amount was used for administrative expenses.

The Tennessee Comptroller's Office reported that Assessment Solutions Group (a consulting firm) calculated that states, on average, spent approximately $25 per student for reading, writing, and math tests and spent approximately $46 per student if the testing also included other subjects and alternate high school tests in 2018-19. Tennessee's total for the expanded testing category in 2018-19 was $47 per student. States are able to use Title I, Part B ESSA funds to cover costs for statewide standardized tests. Tennessee was able to use these funds to pay for approximately 22% of its 2018-19 test development contract costs.

Other Viewpoints

A variety of advocacy groups have weighed in on the subject of USDE and federal education funding and have developed differing conclusions as to what the elimination of federal education funding and/or USDE will mean for students. These advocacy groups differ on the role of the federal government in state education programs. Our inclusion of the following information is meant solely to present multiple viewpoints on these subjects.

A September 2024 analysis by the North Carolina Justice Center, a nonprofit organization attempting to address issues concerning North Carolinians with low incomes, concluded that refusing federal education funds would reduce school budgets in North Carolina by approximately 10% and result in the firing of 7% of all classroom teachers, 21% of all teacher assistants, and 15% of all instructional support personnel (e.g., nurses). The analysis also projected that supplemental funding for low-income students would be cut by 53%, and supplemental funding for disabled students would be cut by 26%. Ultimately, the analysis determined that refusal of federal education funds would result in "Districts serving students with the greatest needs [experiencing] bigger budget cuts than districts that have more resources and fewer students from low income [*sic*] families."

In April 2025, the Education Freedom Alliance (EFA), a group advocating for public education funds to "follow the student, not the system," published on its website an article discussing "myths vs. facts" related to the presidential administration's proposed closure of USDE. EFA notes that the closure of USDE will not eliminate federal funding for schools and students, as Title I funds and funds for students with disabilities are allocated by Congress. EFA maintains that moving certain functions of USDE to other federal agencies will streamline education programs, resulting in increased efficiency and reduced administrative and compliance costs; these savings can then be redirected to states to increase the amount of federal funding going to students.

In March 2025, the Albert Shanker Institute (ASI), a nonprofit group advocating for quality public education, executed a simulation to analyze what the effects of eliminating federal education funding would be. This simulation assumed that each state would receive the same amount it received in federal aid prior to the pandemic and that the total amount of aid per state was based primarily on need (e.g., poverty) but disseminated in the form of an evenly applied block grant. The simulation determined that a complete elimination of federal education funding would result in a national per-district loss of just over $1,000 per student. For South Carolina, the loss of these funds is projected to result in lower student test scores in an amount equivalent to almost 30 days' worth of learning. The simulation also examined what would happen to states that evenly apply federal education funds previously received as block grants and determined that federal aid increases for districts serving lower poverty populations would be at the expense of those serving higher poverty populations. In addition, all states would see a widening of achievement gaps that would mainly affect minority students.

In March 2025, the American Legislative Exchange Council, a nonpartisan organization comprised of state legislators "dedicated to the principles of limited government, free markets and federalism," developed a model resolution that supports the devolution of power from USDE. This resolution asserts that while USDE—since 1980—has "tens of billions of dollars in annual spending, and a quarter-trillion dollars in one-time spending related to COVID-19 recovery efforts, the Nation's Report Card shows stagnant student test scores." The resolution concludes that the dissolution of USDE will result in improved student outcomes and a more efficient use of taxpayer funds.

At this time, the long-term effects states may experience as a result of the loss of federal education funds, the conversion of formula or non-formula (competitive) grants to block grants, or the closure of USDE cannot be determined.

S.C. Required Testing and Its Relevant S.C. Code/Regulation

Assessment	Relevant S.C. Code/Regulation
Kindergarten Readiness (KRA)	§59-155-150
Formative Assessment Requirement Math K-8	§59-18-310
Formative Assessment Requirement Reading K-8	§59-18-310
Universal Literacy Screener	§59-155-155 §59-155-120
Cognitive Abilities Test™ (CogAT®)	§59-29-170 S.C. Code Ann. Regs. 43-220
Iowa Assessment	§59-29-170 S.C. Code Ann. Regs. 43-220
SC READY	§59-18-320
Civics	§59-18-320
Biology	§59-18-320
English 2	§59-18-320
Algebra 1	§59-18-320
PreACT® *or* PSAT®	§59-18-340
U.S. History and Constitution	§59-29-120
S.C. Career Ready	§59-18-325
ACT® *or* SAT®	§59-18-325

Appendix A
S.C. Required Testing and Its Relevant S.C. Code

Agency Comments

The S.C. Department of Education, the State Board of Education, and the S.C. Education Oversight Committee were all provided a preliminary and a final draft of the report. Preliminary comments were received from all three entities, but only the S.C. Education Oversight Committee provided comments to be appended to the audit report.

SC EDUCATION OVERSIGHT COMMITTEE
Reporting facts. Measuring change. Promoting progress.
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September 23, 2025

K. Earle Powell, Director
Legislative Audit Council
1331 Elmwood Ave., Suite 315
Columbia, SC 29201

Dear Director Powell,

I would like to thank you and your staff for a thorough review of the K-12 student assessment landscape in SC and across the country. We also appreciate the chance to be provided an opportunity to respond to the report.

We are in complete support of the recommendation to "review the statewide assessment program to identify opportunities for changes that may lead to positive educational outcomes for South Carolina's students, including the necessity of each state-required assessment." The results from these assessments provide the foundation for most, if not all, of the work that the EOC produces.

For years, the EOC has recommended "shorter, less time-consuming assessment of students[1]" as well as a systemic audit that could determine the purposes and uses of each assessment, with an eye toward reducing or eliminating redundancy. Time is the most valuable resource that educators have with students, and it should be used wisely. While summative testing like SC READY are not especially useful for informing classroom instruction, the results are useful in monitoring achievement and growth statewide and for increasing transparency and the engagement of the public.

Specific to the report, the structure of Chart 2.2 counts required tests by the number of test administrations. We note that some of the tests listed are considerably more involved than some of the others. Some of the assessments discussed in the report are designed to be given in the context of regular classroom instruction, while others are administered to all students during a specific testing window determined by the state.

The number of tests may not be as informative as the number of minutes spent testing. Although the number of minutes may be very difficult to calculate from available resources and may require the kind of systematic review you recommend, it can be an important metric with which to determine whether a test is worth

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EXECUTIVE DIRECTOR

[1] SC Education Oversight Committee. (2021). *Results of the Modified 2020-21 Kindergarten Readiness Assessment (KRA)*. https://www.eoc.sc.gov/sites/eoc/files/Documents/KRA/KRA_Brief.08272021.pdf

continuing, should be exchanged for a different method of collecting the information, or should be eliminated. Not all costs of required assessments are financial, and the instructional minutes spent testing represents an opportunity cost that should be carefully counted to be faithful stewards of state resources.

The first cyclical review of South Carolina's accountability system conducted in 2020 as required by S.C. Code §59-18-910 included a recommendation from the broad-based group of stakeholders on the Accountability Advisory Committee (AAC) to "evaluate alternatives for through-course assessment." In recent years, some other states have implemented this practice (also called "through-year assessment").

Although some implementations of through-year assessment seem to have led to even more minutes spent testing, there are some very promising approaches to through-year assessment that have reduced the total time spent testing while also providing instructionally meaningful information to teachers. In 2023, Montana was the first state to receive a federal waiver to transition from a summative to through-year assessment; we believe the work in this state is worth investigating.

First and foremost, a primary focus of an assessment review must be the *purposes of the assessments* our state requires and the *intended uses of their results*.[2] If a test is meant to measure students' current mastery of grade level standards, then it should be designed well for that purpose. If the same test is also meant to provide instructionally useful information for teachers to plan, modify, and shape teaching for students based on their individual needs, those are very different design features.

While a test can be designed to fill both of those purposes, too often they are designed by test providers to meet a single, typical state requirement. One assessment will usually be selected or constructed to measure students' grade level mastery at the end of the grade level (a summative assessment), and another assessment will be selected or constructed to give teachers instructionally useful information about individual students (an interim or benchmark assessment; also, referred to as formative assessment). Most currently available assessments don't do both.

In the absence of a specific requirement to design and develop a single test that meets multiple needs, our state has selected high quality assessments offered by qualified vendors to meet each of the individual requirements named in several different sections of S.C. Code, Title 59, Chapters 18, 29, and 155. Our state's assessment system could be made more efficient without requiring any of these chapters to be amended, since none of them limits any individual assessment to only one purpose.

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[2] National Center for the Improvement of Educational Assessment. (2025). *The Case for State Testing*. https://www.nciea.org/wp-content/uploads/2025/03/The-Case-For-State-Testing-FINAL.pdf

S.C. Code §59-18-320 requires summative assessments to determine student mastery of appropriate academic standards annually in grades three through eight. S.C. Code §59-18-310 requires formative assessments administered three times per year in kindergarten through eighth grade, §59-155-150 requires an assessment of kindergarten readiness, and §59-155-120 and §59-155-155 require universal literacy screeners.

It is possible that thoughtful design of a single system of assessments could meet all these requirements in a way that meets both formative and summative assessment requirements, produces an appropriate measure of grade-level mastery for the purposes of accountability, provides educators at the classroom, school, and district level with instructionally helpful information, and reduces the number of minutes that students spend taking required assessments during the school year.

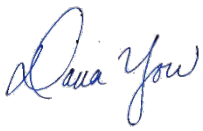
Ultimately, we believe that student assessments serve critical purposes for multiple stakeholders – and that careful intentional design decisions should be made before eliminating assessments. Assessment is not a distraction from instruction when it is done well and produces useful information. Poorly designed assessments that produce irrelevant data are a distraction.

Good assessment is crucial to effective instruction, and we look forward to the opportunity to support better assessments for SC students and educators. This work should involve multiple stakeholders throughout the state as well as colleagues in other states who have done similar work who can provide us the benefit of lessons they learned in the process.

We look forward to collaborating with our SC Department of Education colleagues and others as we strive to support the best possible outcomes for all South Carolina students and their families.

Thank you for the work you do on behalf of SC citizens.

Sincerely,



Dana Yow

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