



## SUMMARY

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

SEPTEMBER 2025



Members of the S.C. General Assembly requested that we conduct an audit of the federal education funding received by the state of South Carolina, including the ramifications of refusing to accept federal education funding.

## OBJECTIVE

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.

SOUTH CAROLINA  
GENERAL ASSEMBLY

## Legislative Audit Council

Independence, Reliability,  
Integrity

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## FEDERAL EDUCATION LAW AND FUNDING

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. ESSA encourages states and districts to improve and streamline assessments, which may include the elimination of unnecessary testing.

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

- \$1.7 billion in grants from U.S. Department of Education (includes \$1 billion in temporary COVID-19 funds).
- \$481 million in U.S. Department of Agriculture (USDA) grants.
- \$1.7 million in other grants.

## POTENTIAL IMPACTS

If South Carolina were to refuse federal education funds, additional state funding of at least \$411 million up to \$680 million (based on FY 23-24 SCDE expenditures) may be needed to cover the loss of federal education funds. USDA grants do not appear to be impacted by compliance with ESSA. USDE stated that 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. When a grant recipient is out of compliance with an aspect of a program, the U.S. Secretary of Education has discretion to determine what actions to enforce. Because no state has refused all 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 addition, the state could be sued on the basis of insufficient funding to provide a “minimally adequate” education. Responses from SCDE, the State Board of Education, and the S.C. Education Oversight Committee noted concerns including the potential loss of federally funded positions and violation of S.C. Code §59-1-10 et seq.

## OTHER STATES

We surveyed 13 states to ask a series of questions related to federal education funding and compliance with ESSA. Oklahoma, Tennessee, and Utah have considered refusing all or a portion of federal education funds; however, per the National Conference of State Legislatures, no state has ever chosen to discontinue participation in any of the major federal grant programs for elementary and secondary education. Tennessee determined it would cost approximately \$1.1 to \$1.3 billion in state recurring revenue to replace federal education funds received annually but found this would come at the expense of other investments in the state. Tennessee decided not to refuse acceptance of federal education funds.

## SOUTH CAROLINA TESTING REQUIREMENTS

The majority (69%) of South Carolina's assessments are based on state requirements, not federal requirements. South Carolina has had requirements for testing and accountability in state law since the late 1990s, prior to the implementation of federal testing requirements.

ASSESSMENT <sup>1</sup>	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 <sup>2</sup>	3	3	3	3	3	3	3	3	3						X
Formative Assessment Requirement Reading K-8 <sup>2</sup>	3	3	3	3	3	3	3	3	3						X
Universal Literacy Screener <sup>3</sup>	3	3													X
Cognitive Abilities Test™ (CogAT®) <sup>4</sup>			1												X
Iowa Assessment™ <sup>4</sup>			1												X
SC READY <sup>5</sup>				1	1	1	1	1	1					X	X
Civics <sup>6</sup>										1					X
Biology <sup>7</sup>											1			X	X
English 2 <sup>7</sup>											1			X	X
Algebra 1 <sup>7</sup>											1			X	X
PreACT® or PSAT® <sup>8</sup>											1				X
U.S. History and Constitution <sup>9</sup>												1			X
S.C. Career Ready												1			X
ACT® or SAT® <sup>10</sup>												1			X
<b>TOTAL ASSESSMENTS</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>15</b>

### 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](https://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 level 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