MOORE SCHOOL OF BUSINESS
UNIVERSITY OF SOUTH CAROLINA

THE ECONOMIC IMPACT OF IMPROVING STUDENT PERFORMANCE IN SOUTH CAROLINA

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Prepared by: Joseph Von Nessen, Ph.D.

ABSTRACT

This report estimates the long-run economic impact of improving student academic performance in South Carolina. The analysis draws on 2025 SC READY assessment results, research linking standardized test performance to adult earnings, and input-output economic modeling. Two scenarios are examined: (1) a one percentage point increase in students performing at or above grade level and (2) achievement of the South Carolina Department of Education's goal of having 75 percent of students performing at or above grade level by 2030. A one percentage point improvement is estimated to generate up to $5.3 million in additional annual earnings per graduating cohort and up to $6.7 billion in cumulative statewide economic activity over approximately 35 years. Achieving the 75 percent target could generate up to $162.1 million in additional earnings per cohort per year and up to $207.9 billion in economic activity cumulatively over 35 years.

EXECUTIVE SUMMARY

In the state of South Carolina, students in grades 3 through 8 participate annually in SC READY, a statewide assessment administered by the South Carolina Department of Education (SCDE) to measure proficiency in English Language Arts (ELA) and Mathematics (Math). Each year, roughly 350,000 students are tested, making it one of the most comprehensive measures of academic progress in the state. Because of its widespread use, SC READY can also serve as a baseline to evaluate how improvements in student performance may translate into increased economic value for the state over time.

Most notably, students with stronger performance during their K-12 years are more likely to go on to graduate from high school. Additionally, these students are prepared for post-graduation successes including entering the workforce, seeking industry credentials, enrolling in post-secondary institutions, or enlisting in the military. This strong foundation can lead to greater earning potential, broader career options, and improved long-term labor market outcomes. Moreover, a significant percentage of the additional earnings of graduates are likely to be spent in the South Carolina economy. This increases the demand for goods and services with in-state businesses and generates an increase in total economic activity for South Carolina that far exceeds the dollar volume of the additional earnings that accrues to the students themselves.

The purpose of this research effort is to analyze the long-run economic impacts that would likely arise from the South Carolina Department of Education's initiative to increase the percentage of South Carolina K-12 students performing at or above grade level ("Meets or Exceeds Expectations") on SC READY to 75 percent by the year 2030 (the 75% target). This report presents findings for two scenarios: (1) the impact of achieving a one percentage point statewide increase in the share of students scoring at Meets or Exceeds Expectations and (2) the impact of achieving SCDE's target of having 75 percent of students scoring at Meets or Exceeds Expectations.

Impact of One Percentage Point Increase

- ***Direct Annual Earnings Effect.*** *A one percentage point improvement in students scoring at or above grade level on the SC READY assessment is expected to generate up to $5.3 million additional annual earnings per graduating cohort.*

- ***Broader Statewide Economic Impact****. Taking into account all anticipated economic multiplier effects, this study estimates that a one percentage point statewide increase in the percentage of students scoring at or above grade level could generate a cumulative economic impact of up to $6.7 billion approximately 35 years after the first impacted cohort enters the workforce. Sustaining these improvements could support approximately $184.8 million in direct additional annual earnings and $370.2 million in additional statewide economic activity each year.*

Impact of Achieving the SCDE Vision of 75% of Students At or Above Grade-Level

- ***Direct Annual Earnings Effect.*** *Achieving the SCDE's 75 percent target would increase the expected annual earnings per graduating cohort to $162.1 million.*

- ***Broader Statewide Economic Impact****. Taking into account all economic multiplier effects, the cumulative economic impact of this additional achievement could reach*

nearly $207.9 billion approximately 35 years after the first impacted cohort enters the workforce. Once all 35 cohorts are simultaneously in the workforce, these improvements could support approximately $5.7 billion in direct additional annual earnings and up to $11.5 billion in additional statewide economic activity each year.

SC READY Improvements in 2026

South Carolina's 2026 SC READY Math scores improved by approximately four percentage points over the prior year's results. Based on the findings of this report, these results suggest that this improvement could correspond to approximately $21.2 million in additional direct annual earnings for this cohort of students once these students reach working age. After broader multiplier effects are taken into account, these additional earnings could support more than $42.3 million in total statewide economic activity. This example is intended to illustrate the potential scale of the long-run economic effects associated with improved student performance.

INTRODUCTION

In the state of South Carolina, students in grades 3 through 8 participate annually in SC READY, a statewide assessment administered by the South Carolina Department of Education (SCDE) to measure proficiency in English Language Arts (ELA) and Mathematics (Math). Student performance is reported across four achievement levels: Exceeds, Meets, Approaches, and Does Not Meet Expectations. Students who achieve Meets or Exceeds Expectations are considered on track for grade level proficiency. Each year, roughly 350,000 students are tested, making it one of the most comprehensive measures of academic progress in the state. SC READY can also be used as a baseline to evaluate how improvements in student performance may translate into increased economic value for the state over time.

The purpose of this research effort is to conduct a comprehensive analysis that documents the long-run economic impacts that would likely arise from the South Carolina Department of Education's current initiative to increase the percentage of South Carolina K-12 students performing at or above grade level ("Meets or Exceeds Expectations") on this assessment to 75 percent by the year 2030 (the 75% target).

Such an increase in student performance could generate both individual and social benefits for South Carolina. In addition to higher earnings and improved employment opportunities, stronger educational outcomes have also been associated with other long-run economic and social benefits that may reduce demands on public resources. These additional benefits are not quantified in this analysis. As a result, the estimates presented are conservative, as they only capture the economic activity associated with increased earnings and spending.

Higher levels of K-12 performance have the potential to generate sizable, long-run individual benefits for students. Most notably, students with stronger performance during their K-12 years are more likely to go on to graduate from high school and, in many cases, to attend and subsequently graduate from college.[1] This, in turn, provides them with a higher earning potential as well as a lifetime of better job opportunities. For example, the median annual earnings of South Carolinians with a high school diploma are, on average, about 25 percent higher than those without. Moreover, this earnings premium extends to 109 percent for South Carolinians with a bachelor's degree.[2] These higher earnings directly translate into new economic activity. To the extent that graduates remain in South Carolina, they will spend a significant percentage of these wage premiums locally, thereby generating an increase in the demand for goods and services in the South Carolina economy across a variety of industries and boosting long-run rates of statewide economic growth.

[1] Doty et al. (2026) and Currie and Thomas (2001)

[2] U.S. Census Bureau, American Community Survey 2024 1-Year Estimates, Table S2001

This report presents findings for two distinct scenarios:

- **Scenario A**: The economic impact of a one percentage point increase in the statewide Meets or Exceeds Expectations rate, including a breakdown of this impact at the county level (i.e., a one percentage point increase in each county's Meets or Exceeds Expectations rate).

- **Scenario B**: The economic impact of achieving SCDE's specific target of a 75 percent statewide Meets or Exceeds Expectations rate in both ELA and Math by 2030, including a breakdown of this impact at the county level (i.e., achieving a target of 75 percent Meets or Exceeds Expectations in each county).

CURRENT PERFORMANCE SNAPSHOT

Before quantifying the economic impact of improvements in student performance, it is first important to establish current performance levels. Using raw data provided by SCDE, Table 1 highlights the total number of students who participated in SC READY during 2025, a breakdown of these students by achievement level, and the number of students needed to increase the current achievement level to reach SCDE's 75 percent target.

Table 1 – SC READY Student Performance: 2025

Achievement Level	ELA	Math
Does Not Meet Expectations	68,220	98,362
Approaches Expectations	73,488	98,391
Meets Expectations	123,149	77,646
Exceeds Expectations	85,928	76,613
Total Number of Students Tested	**350,785**	**351,012**

Total Students At or Above Grade Level (Meets + Exceeds)	209,077	154,259
Percentage of Students Meeting or Exceeding Expectations	59.6%	43.9%

Additional Students Needed to Increase to 75% Target	54,012	109,000

In South Carolina, approximately 351,000 students were tested in 2025, of which 59.6 percent Met or Exceeded Expectations in ELA and 43.9 percent in Math. This, in turn, implies that achieving SCDE's 75 percent target will require an additional 54,012 students to score at Meets Expectations or Exceeds Expectations in ELA and an additional 109,000 students to do so in Math. Note that for Math, achieving a 75 percent statewide target would require at least 109,000 additional students. However, there are only 98,391 students in the Approaches Expectations achievement level, meaning that some portion of students who scored Does Not Meet Expectations must improve by two achievement levels.

These proficiency rates can also be broken down at the county level. As Table 2 shows, county-level Meets or Exceeds Expectations rates reveal significant differences across South Carolina. For ELA, the percentage of students who Met or Exceeded Expectations ranged from 32.0 percent to 70.0 percent across counties. For mathematics, the percentage ranged from 16.5 percent to 55.6 percent

Table 2 – SC READY Student Performance: 2025, County-Level Breakdown

County	Number of ELA Students Tested	ELA Meets or Exceeds Expectations Rate		Number of Math Students Tested	Math Meets or Exceeds Expectations Rate
Abbeville	1,192	65.7%		1,193	49.8%
Aiken	10,073	57.1%		10,063	34.6%
Allendale	376	46.3%		372	32.8%
Anderson	14,292	66.8%		14,295	55.6%
Bamberg	782	46.3%		782	27.2%
Barnwell	1,411	51.7%		1,410	30.7%
Beaufort	9,188	58.8%		9,195	44.9%
Berkeley	17,382	57.1%		17,412	36.4%
Calhoun	641	49.1%		641	26.7%
Charleston	22,138	65.0%		22,139	54.0%
Cherokee	3,215	47.7%		3,217	27.5%
Chester	2,011	47.7%		2,016	28.4%
Chesterfield	3,029	47.3%		3,031	25.0%
Clarendon	1,722	53.9%		1,726	38.8%
Colleton	1,863	42.1%		1,855	21.3%
Darlington	3,794	51.0%		3,795	36.7%
Dillon	2,228	46.0%		2,228	30.0%
Dorchester	12,388	64.0%		12,388	47.2%
Edgefield	1,516	58.2%		1,517	39.2%
Fairfield	825	52.2%		825	34.8%
Florence	9,184	54.6%		9,216	41.7%
Georgetown	3,563	53.9%		3,563	36.8%
Greenville	34,816	66.1%		34,813	53.4%
Greenwood	4,638	62.7%		4,636	49.2%
Hampton	951	56.2%		951	34.3%
Horry	21,962	63.7%		22,023	50.9%
Jasper	1,367	32.0%		1,370	19.2%
Kershaw	5,004	55.8%		5,009	41.5%
Lancaster	7,125	62.2%		7,130	55.2%
Laurens	3,168	48.5%		3,167	30.9%
Lee	546	37.7%		548	24.6%
Lexington	25,848	62.1%		25,863	45.1%
McCormick	205	52.7%		205	24.4%
Marion	1,540	38.2%		1,544	16.5%
Marlboro	1,446	39.8%		1,446	21.4%
Newberry	2,552	52.3%		2,554	38.0%

County	Number of ELA Students Tested	ELA Meets or Exceeds Expectations Rate		Number of Math Students Tested	Math Meets or Exceeds Expectations Rate
Oconee	4,515	59.0%		4,515	44.0%
Orangeburg	4,474	39.0%		4,478	24.4%
Pickens	6,967	63.0%		6,969	47.9%
Richland	22,384	53.2%		22,405	38.0%
Saluda	1,135	44.8%		1,134	27.1%
Spartanburg	23,410	60.1%		23,433	46.5%
Sumter	6,054	45.3%		6,060	27.7%
Union	1,578	46.5%		1,578	31.8%
Williamsburg	1,157	46.8%		1,156	28.5%
York	22,338	70.0%		22,340	55.3%
SC Public Charter District	9,297	60.2%		9,307	36.6%
Charter Institute at Erskine	11,393	58.9%		11,395	30.9%
Limestone Charter Association	2,001	57.2%		2,006	35.2%
SC School for the Deaf and the Blind	54	7.4%		54	0%
Department of Juvenile Justice	47	17.0%		44	0%

Totals	**350,785**	**59.6%**		**351,012**	**43.9%**

The number of students required to increase the Meets or Exceeds Expectations rate by either one percentage point or to the 75 percent target within each county can also be calculated. These results are summarized in Tables 3 and 4. For example, Table 3 reveals that to increase the percentage of students in Jasper County who Meet or Exceed Expectations in ELA by one percentage point, from 32.0 percent to 33.0 percent, an additional 14 students would need to score at Meets Expectations or Exceeds Expectations. Similarly, as shown in Table 4, achieving the 75 percent target would require an additional 588 students to score at Meets Expectations or Exceeds Expectations in ELA.

It is important to note that the 75 percent target is based on the total percentage of South Carolina students who Meet or Exceed Expectations. This is because each student is weighted equally, meaning that every student contributes equally to increasing the state's rate regardless of the county in which he or she is located. Thus, it does not require every district to reach exactly 75 percent. However, meaningful improvement in every district remains essential to achieving the statewide goal.

Table 3 – Additional Students Required to Increase Meets or Exceeds Expectations Rate by One Percentage Point

County	ELA	MATH
Abbeville	12	12
Aiken	101	101
Allendale	4	4
Anderson	143	143
Bamberg	8	8
Barnwell	15	15
Beaufort	92	92
Berkeley	174	175
Calhoun	7	7
Charleston	222	222
Cherokee	33	33
Chester	21	21
Chesterfield	31	31
Clarendon	18	18
Colleton	19	19
Darlington	38	38
Dillon	23	23
Dorchester	124	124
Edgefield	16	16
Fairfield	9	9
Florence	92	93
Georgetown	36	36
Greenville	349	349
Greenwood	47	47
Hampton	10	10
Horry	220	221
Jasper	14	14
Kershaw	51	51
Lancaster	72	72
Laurens	32	32
Lee	6	6
Lexington	259	259
McCormick	3	3
Marion	16	16
Marlboro	15	15
Newberry	26	26
Oconee	46	46
Orangeburg	45	45
Pickens	70	70
Richland	224	225
Saluda	12	12
Spartanburg	235	235
Sumter	61	61
Union	16	16
Williamsburg	12	12

County	ELA	MATH
York	224	224
SC Public Charter District	93	94
Charter Institute at Erskine	114	114
Limestone Charter Association	21	21
SC School for the Deaf and the Blind	1	1
Department of Juvenile Justice	1	1
Totals[3]	**3,531**	**3,536**

Table 4 – Additional Students Required to Increase Meets or Exceeds Expectations Rate to 75 Percent

County	ELA	MATH
Abbeville	111	301
Aiken	1,800	4,069
Allendale	108	157
Anderson	1,176	2,773
Bamberg	225	374
Barnwell	330	625
Beaufort	1,487	2,768
Berkeley	3,112	6,728
Calhoun	166	310
Charleston	2,206	4,656
Cherokee	880	1,528
Chester	550	939
Chesterfield	838	1,516
Clarendon	364	625
Colleton	614	996
Darlington	911	1,454
Dillon	646	1,003
Dorchester	1,366	3,449
Edgefield	254	544
Fairfield	188	332
Florence	1,874	3,072
Georgetown	753	1,362
Greenville	3,090	7,515
Greenwood	569	1,194
Hampton	180	388
Horry	2,475	5,304
Jasper	588	765
Kershaw	961	1,679
Lancaster	914	1,411
Laurens	839	1,398
Lee	204	276
Lexington	3,327	7,731
McCormick	46	104

[3] Due to rounding at the county level, sums will not necessarily match state-level results presented in Table 1.

County	ELA	MATH
Marion	566	904
Marlboro	510	775
Newberry	579	946
Oconee	721	1,400
Orangeburg	1,613	2,268
Pickens	834	1,892
Richland	4,885	8,301
Saluda	344	544
Spartanburg	3,498	6,686
Sumter	1,797	2,869
Union	450	682
Williamsburg	326	538
York	1,120	4,394
SC Public Charter District	1,379	3,578
Charter Institute at Erskine	1,834	5,024
Limestone Charter Association	357	799
SC School for the Deaf and the Blind	37	41
Department of Juvenile Justice	28	33
Totals[4]	**54,028**	**109,018**

QUANTIFYING THE ECONOMIC IMPACT OF IMPROVED TEST SCORES

A growing body of economic research consistently finds that improvements in student achievement, as measured through test scores, are associated with higher earnings, which supports the use of academic gains as a proxy for future economic value. This study applies the findings from Chetty et al. (2014) to quantify potential improvements in earnings in South Carolina that could result from improved student performance.[5] More specifically, these previous findings showed that a one standard deviation increase in test performance was associated with approximately 12 percent higher annual earnings at age 28. As such, for each South Carolina county, this study used these results to estimate the additional annual earnings that could be associated with a one percentage point improvement in the Meets or Exceeds Expectations rate of each county.[6]

The findings from Chetty et al. (2014) only estimate improvements in overall academic achievement and are not broken down by ELA and Math performance. As such, in this study, SC READY Math scores are used as the proxy measure for overall academic achievement when estimating the impact of improved test scores on earnings. This proxy measure was selected for two reasons. First, as seen in Tables 1 and 2, South Carolina students generally underperform in Math more than in ELA,

[4] Due to rounding at the county level, sums will not necessarily match state-level results presented in Table 1.

[5] Chetty, Raj, John N. Friedman, and Jonah E. Rockoff. "Measuring the Impacts of Teachers II: Teacher Value-Added and Student Outcomes in Adulthood." *American Economic Review,* vol. 104, no. 9, Sept. 2014, pp. 2633-2679.

[6] For more detail on this calculation, please see the Appendix.

and often significantly so. Math represents the subject in which achieving the 75 percent target would require the greatest improvement. Second, because students generally perform worse in Math than in ELA, improvements in Math will be more likely to lead to corresponding gains in ELA than vice versa. Thus, anchoring this analysis to Math produces estimates that are both conservative and directionally sound.[7]

For each South Carolina county, this study estimated the additional annual earnings that would likely result from a one percentage point improvement in the Meets or Exceeds Expectations rate of the county as well as an overall improvement to a 75 percent Meets or Exceeds Expectations rate at the state level. The following adjustments were made to produce conservative estimates of additional earnings:

- Using an in-state retention rate of 75 percent, reflecting the share of students expected to remain in South Carolina over time
- Applying applicable county labor force participation rates to account for the fact that not all graduates will be in the labor force
- Applying applicable county employment rates to account for the fact that not all graduates will be working

$$\textbf{\textit{Additional Annual Earnings per Cohort in South Carolina}} = \textit{Annual Earnings Gain Per Student} * \textit{Number of Students Tested in County} * \textit{Assumed SC Retention Rate} * \textit{County Labor Force Participation Rate} * \textit{County Employment Rate}$$

Because the current assessment data cover students in grades 3 through 8, there is a significant "lead time" before these gains would begin to materialize in South Carolina's economy. Students must first complete their K-12 education, transition into the workforce or post-secondary training, and then progress into their earning years. Consequently, while improved test scores may occur in the short term, the resulting labor market benefits would begin to emerge gradually as these cohorts enter the workforce, typically starting 5 to 10 years from the assessment date.

Tables 5 and 6 summarize the expected additional annual earnings, per graduating cohort, by county, assuming (1) a one percentage point improvement and (2) a 75 percent Meets or Exceeds Expectations rate in each county's Math performance, respectively. Note in Table 5 that the increased estimated earnings of all students associated with a one percentage point statewide improvement is expected to be $6.1 million per graduating cohort. However, a subset of students in each cohort from South Carolina schools will eventually live and work outside of the state. Thus, Table 5 also summarizes the increased estimated earnings that will accrue to

[7] See Doty et al. (2026) and Gottfried, Woods, and Peters (2025) for additional support for focusing on math performance.

students who are likely to live and work within South Carolina. This is estimated to be $5.3 million per year per graduating cohort.

Table 5 – Annual Earnings Gain Per Cohort for a One-Percentage Point Improvement in Meets or Exceeds Expectations Rate, by County[8]

County	Change in Standard Deviation Necessary to Improve by One-Percentage Point	Per Student Estimated Annual Earnings Gain	All Students[9]	Students Who Remain to Live and Work in South Carolina[10]
Abbeville	0.025	$155.67	$18,268	$13,900
Aiken	0.027	$213.79	$211,621	$176,991
Allendale	0.028	$192.31	$7,037	$4,893
Anderson	0.026	$169.31	$238,067	$209,253
Bamberg	0.030	$174.25	$13,404	$11,088
Barnwell	0.028	$154.39	$21,413	$18,161
Beaufort	0.025	$171.85	$155,432	$143,080
Berkeley	0.027	$227.44	$389,541	$356,574
Calhoun	0.030	$230.99	$14,564	$12,518
Charleston	0.025	$216.73	$471,965	$411,932
Cherokee	0.030	$181.36	$57,390	$46,353
Chester	0.029	$213.34	$42,306	$34,649
Chesterfield	0.031	$190.74	$56,868	$48,691
Clarendon	0.026	$136.53	$23,180	$17,871
Colleton	0.034	$200.47	$36,579	$30,022
Darlington	0.026	$188.72	$70,448	$52,841
Dillon	0.030	$159.28	$34,908	$30,190
Dorchester	0.025	$166.81	$203,264	$181,087
Edgefield	0.026	$169.42	$25,281	$17,073
Fairfield	0.027	$194.59	$15,791	$14,317
Florence	0.026	$174.38	$158,078	$128,861
Georgetown	0.026	$165.06	$57,849	$44,885
Greenville	0.025	$197.99	$677,997	$624,767
Greenwood	0.025	$165.05	$75,268	$57,488
Hampton	0.027	$172.63	$16,149	$14,362
Horry	0.025	$150.16	$325,288	$273,001
Jasper	0.036	$238.23	$32,103	$25,000
Kershaw	0.026	$158.19	$77,940	$70,478
Lancaster	0.025	$201.44	$141,279	$124,565
Laurens	0.029	$189.96	$59,176	$50,899

[8] Note that the change in standard deviation is multiplied by 12% and then by the county's average annual pay from the Bureau of Labor Statistics to compute the estimated earnings gain.

[9] Not all students will ultimately become part of the workforce nor employed after completing schooling. These estimates assumed a labor force participation rate of 61.8 percent and an employment rate of 95.5 percent.

[10] Not all students will ultimately decide to live and work in South Carolina upon completion of their schooling. The earnings estimates in this column reflect an assumed retention rate of 75% along with the applicable labor force participation rates and employment rates for the given county.

County	Change in Standard Deviation Necessary to Improve by One-Percentage Point	Per Student Estimated Annual Earnings Gain	All Students[9]	Students Who Remain to Live and Work in South Carolina[10]
Lee	0.031	$183.91	$9,913	$6,823
Lexington	0.026	$181.58	$461,944	$428,383
McCormick	0.032	$166.79	$3,363	$1,979
Marion	0.040	$230.79	$35,052	$27,054
Marlboro	0.034	$218.15	$31,029	$20,823
Newberry	0.026	$158.00	$39,693	$35,614
Oconee	0.025	$180.56	$80,188	$65,121
Orangeburg	0.032	$187.77	$82,710	$65,010
Pickens	0.025	$167.43	$114,772	$100,391
Richland	0.026	$203.32	$448,086	$379,273
Saluda	0.030	$179.99	$20,077	$17,856
Spartanburg	0.025	$186.43	$429,716	$374,044
Sumter	0.030	$196.66	$117,228	$94,903
Union	0.028	$170.67	$26,492	$21,251
Williamsburg	0.029	$175.58	$19,965	$14,242
York	0.025	$189.20	$415,751	$381,410
Totals	**0.026**	**$187.85**	**$6,064,433**	**$5,279,967**

Table 6 – Annual Earnings Gain from Achieving 75 Percent Meets or Exceeds Expectations Rate Per Cohort, by County[11]

County	Change in Standard Deviation Necessary to Improve to 75% Succeeding	Per Student Estimated Annual Earnings Gain	All Students[12]	Students Who Remain to Live and Work in South Carolina[13]
Abbeville	0.680	$4,234	$497,924	$378,090
Aiken	1.071	$8,480	$8,411,870	$7,020,623
Allendale	1.120	$7,692	$282,068	$195,734
Anderson	0.532	$3,464	$4,881,418	$4,281,647
Bamberg	1.280	$7,435	$573,097	$473,098
Barnwell	1.179	$6,501	$903,523	$764,701
Beaufort	0.803	$5,520	$5,002,919	$4,595,728
Berkeley	1.023	$8,617	$14,790,173	$13,510,207
Calhoun	1.297	$9,986	$630,976	$541,213
Charleston	0.575	$4,985	$10,877,924	$9,474,441

[11] Note that the change in standard deviation is multiplied by 12% and then by the county's average annual pay from the Bureau of Labor Statistics to compute the estimated earnings gain.

[12] Not all students will ultimately become part of the workforce nor employed after completing schooling. These estimates assumed a labor force participation rate of 61.8 percent and an employment rate of 95.5 percent.

[13] Not all students will ultimately decide to live and work in South Carolina upon completion of their schooling. The earnings estimates in this column reflect an assumed retention rate of 75% along with the applicable labor force participation rates and employment rates for the given county.

County	Change in Standard Deviation Necessary to Improve to 75% Succeeding	Per Student Estimated Annual Earnings Gain	All Students[12]	Students Who Remain to Live and Work in South Carolina[13]
Cherokee	1.272	$7,690	$2,438,426	$1,965,359
Chester	1.245	$9,159	$1,820,062	$1,487,521
Chesterfield	1.349	$8,300	$2,479,850	$2,118,842
Clarendon	0.959	$5,036	$856,776	$659,166
Colleton	1.469	$8,661	$1,583,719	$1,297,108
Darlington	1.014	$7,360	$2,753,228	$2,060,780
Dillon	1.212	$6,435	$1,413,229	$1,219,663
Dorchester	0.747	$4,984	$6,086,259	$5,410,893
Edgefield	0.950	$6,190	$925,668	$623,828
Fairfield	1.066	$7,683	$624,769	$565,255
Florence	0.889	$5,962	$5,416,375	$4,406,056
Georgetown	1.012	$6,425	$2,256,396	$1,747,046
Greenville	0.589	$4,665	$16,007,052	$14,719,514
Greenwood	0.693	$4,575	$2,090,797	$1,593,567
Hampton	1.079	$6,899	$646,703	$573,937
Horry	0.651	$3,910	$8,488,247	$7,108,942
Jasper	1.545	$10,224	$1,380,656	$1,072,916
Kershaw	0.890	$5,415	$2,673,548	$2,412,522
Lancaster	0.543	$4,375	$3,075,009	$2,705,560
Laurens	1.178	$7,716	$2,408,824	$2,067,555
Lee	1.361	$8,074	$436,135	$299,536
Lexington	0.803	$5,608	$14,296,851	$13,230,436
McCormick	1.368	$7,130	$144,082	$84,610
Marion	1.651	$9,526	$1,449,797	$1,116,643
Marlboro	1.466	$9,406	$1,340,685	$897,839
Newberry	0.981	$5,961	$1,500,799	$1,343,744
Oconee	0.825	$5,958	$2,651,737	$2,148,999
Orangeburg	1.369	$8,033	$3,545,830	$2,781,202
Pickens	0.728	$4,875	$3,349,165	$2,923,397
Richland	0.983	$7,687	$16,976,570	$14,339,433
Saluda	1.285	$7,709	$861,751	$764,815
Spartanburg	0.765	$5,705	$13,176,861	$11,445,753
Sumter	1.268	$8,312	$4,965,210	$4,011,216
Union	1.147	$6,991	$1,087,481	$870,544
Williamsburg	1.244	$7,532	$858,231	$610,923
York	0.533	$4,034	$8,882,377	$8,131,658
Totals	**0.815**	**$5,805**	**$187,801,046**	**$162,052,260**

Increases in annual earnings, like those measured in Tables 5 and 6, represent the direct economic benefits associated with improved student performance. These earnings primarily consist of wages, salaries, and benefits accruing to the affected student. Much of this additional income is subsequently spent in the South Carolina

economy, increasing demand for goods and services at local businesses.[14] Using the *IMPLAN* input-output economic modeling software, this analysis estimates these broader multiplier effects and distinguishes them from the initial earnings gains received directly by affected students.

Tables 7 and 8 and Figures 1 and 2 present the cumulative economic impacts associated with improved student performance over time. These estimates reflect a one percentage point increase in the percentage of students who Meet or Exceed Expectations and achievement of the 75 percent target, respectively. Each year, a new graduating cohort enters the workforce with higher earnings, while prior cohorts continue to realize gains, resulting in a compounding effect. As these additional earnings flow into the economy, they generate further activity through increasing household spending. The cumulative totals therefore reflect both the direct increase in earnings received by affected students and the broader expansion in economic activity those earnings support across South Carolina over time.

In sum, a one percentage point statewide increase in the Meets or Exceeds Expectations rate of students in South Carolina could generate a cumulative economic impact of up to $6.7 billion after 35 successive graduating cohorts have entered the workforce and are assumed to be simultaneously realizing the estimated annual earnings premium. This impact, in turn, would increase to up to $207.9 billion if the state were to achieve a 75 percent SC READY target by 2030.

Table 7 – Cumulative Economic Impact of Improving Student Meets or Exceeds Expectations Rates by One Percentage Point[15]

	Improve by One Percentage Point	
	Cumulative Total Labor Income	**Cumulative Total Economic Activity**
Year 1	$6,736,033	$10,578,055
Year 2	$20,208,100	$31,734,164
Year 3	$40,416,200	$63,468,328
Year 4	$67,360,333	$105,780,547
Year 5	$101,040,499	$158,670,820
Year 6	$141,456,698	$222,139,148
Year 7	$188,608,931	$296,185,531
Year 8	$242,497,197	$380,809,968
Year 9	$303,121,497	$476,012,460
Year 10	$370,481,829	$581,793,007
Year 11	$444,578,195	$698,151,608
Year 12	$525,410,594	$825,088,264
Year 13	$612,979,026	$962,602,975

[14] Labor income also includes all proprietor income, which is made up of profits, earnings, and incomes cleared by self-employed individuals, freelancers, sole proprietors, and small business owners.

[15] These estimates also include multiplier effects associated with higher local spending that derives from students' additional earnings.

	Improve by One Percentage Point	
	Cumulative Total Labor Income	**Cumulative Total Economic Activity**
Year 14	$707,283,492	$1,110,695,740
Year	$808,323,991	$1,269,366,560
Year 16	$916,100,523	$1,438,615,435
Year 17	$1,030,613,088	$1,618,442,364
Year 18	$1,151,861,687	$1,808,847,348
Year 19	$1,279,846,319	$2,009,830,387
Year 20	$1,414,566,984	$2,221,391,481
Year 21	$1,556,023,682	$2,443,530,629
Year 22	$1,704,216,414	$2,676,247,831
Year 23	$1,859,145,179	$2,919,543,089
Year 24	$2,020,809,977	$3,173,416,401
Year	$2,189,210,808	$3,437,867,768
Year 26	$2,364,347,673	$3,712,897,189
Year 27	$2,546,220,571	$3,998,504,665
Year 28	$2,734,829,502	$4,294,690,196
Year 29	$2,930,174,467	$4,601,453,781
Year 30	$3,132,255,464	$4,918,795,421
Year 31	$3,341,072,495	$5,246,715,116
Year 32	$3,556,625,559	$5,585,212,865
Year 33	$3,778,914,657	$5,934,288,669
Year 34	$4,007,939,788	$6,293,942,528
Year	$4,243,700,952	$6,664,174,442

Figure 1 – Cumulative Economic Activity of Improving Student Meets or Exceeds Expectations Rates by One Percentage Point, in billions

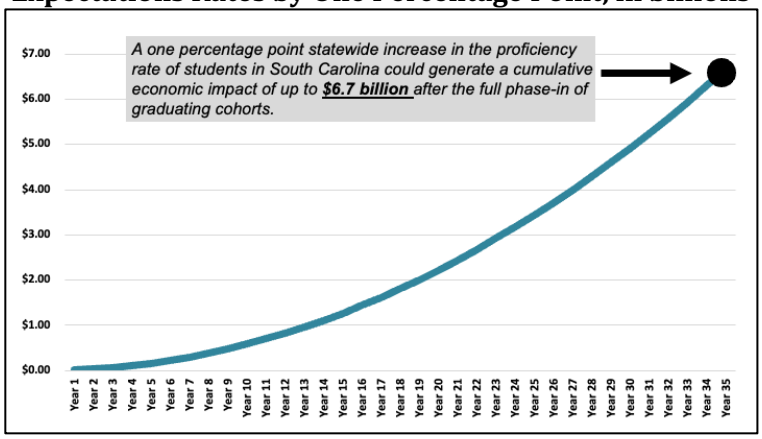
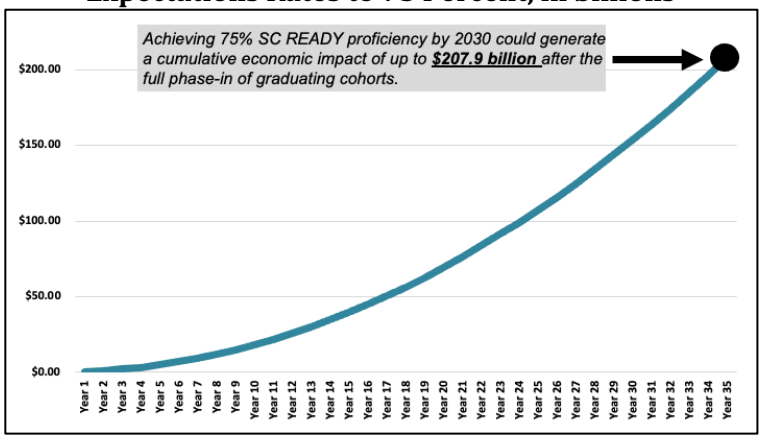


Table 8 – Cumulative Economic Impact of Improving Student Meets or Exceeds Expectations Rates to 75 Percent[16]

	Cumulative Total Labor Income	Cumulative Total Economic Activity
Year 1	$208,202,786	$329,976,967
Year 2	$624,608,359	$989,930,901
Year 3	$1,249,216,718	$1,979,861,801
Year 4	$2,082,027,863	$3,299,769,669
Year 5	$3,123,041,794	$4,949,654,503
Year 6	$4,372,258,512	$6,929,516,304
Year 7	$5,829,678,016	$9,239,355,073
Year 8	$7,495,300,307	$11,879,170,808
Year 9	$9,369,125,383	$14,848,963,509
Year 10	$11,451,153,246	$18,148,733,178
Year 11	$13,741,383,895	$21,778,479,814
Year 12	$16,239,817,331	$25,738,203,416
Year 13	$18,946,453,553	$30,027,903,986
Year 14	$21,861,292,561	$34,647,581,522
Year 15	$24,984,334,355	$39,597,236,025
Year 16	$28,315,578,936	$44,876,867,495
Year 17	$31,855,026,303	$50,486,475,932
Year 18	$35,602,676,456	$56,426,061,336
Year 19	$39,558,529,395	$62,695,623,707
Year 20	$43,722,585,121	$69,295,163,044
Year 21	$48,094,843,633	$76,224,679,349
Year 22	$52,675,304,932	$83,484,172,620
Year 23	$57,463,969,017	$91,073,642,858
Year 24	$62,460,835,888	$98,993,090,063
Year 25	$67,665,905,545	$107,242,514,235
Year 26	$73,079,177,988	$115,821,915,374
Year 27	$78,700,653,218	$124,731,293,480
Year 28	$84,530,331,235	$133,970,648,552
Year 29	$90,568,212,037	$143,539,980,592
Year 30	$96,814,295,626	$153,439,289,598
Year 31	$103,268,582,001	$163,668,575,571
Year 32	$109,931,071,162	$174,227,838,511
Year 33	$116,801,763,110	$185,117,078,418
Year 34	$123,880,657,844	$196,336,295,292
Year 35	$131,167,755,364	$207,885,489,133

[16] These estimates also include multiplier effects associated with higher local spending that derives from students' additional earnings.

Figure 2 – Cumulative Economic Activity of Improving Student Meets or Exceeds Expectations Rates to 75 Percent, in billions



APPENDIX

Estimating the Potential Economic Impact of Improved Student Test Performance

This analysis estimates the potential annual earnings gains and broader economic impact associated with improvements in student academic performance at the county and state levels. The primary goal was to translate test performance outcomes into a measure that is more readily connected to long-term economic opportunity.

Data and Methodology

The underlying student achievement data were provided by the South Carolina Department of Education and include the number of test takers in each school and the number of students scoring at performance levels of Exceeds, Meets, Approaches, and Does Not Meet Expectations. These school-level counts were aggregated to the district, county, and state levels for test year 2025. Students scoring at Meets Expectations or Exceeds Expectations were treated as meeting the grade level standard.

For each district, the current Meets or Exceeds Expectations rate was calculated as:

$$Meets\ or\ exceeds\ expectations\ rate = \frac{Students\ at\ Meets + Students\ at\ Exceeds}{Total\ Students\ Tested}$$

Note that district results were aggregated to county-level results for all tables in this report.

Estimating the Required Score Improvement

The available data do not include continuous student scale scores, only the number of students at each performance level. As a result, this analysis does not directly observe how far individual students are from the Meets or Exceeds Expectations threshold. To address this data limitation, this analysis assumes that student performance within a district follows an approximately normal distribution around an average score and that the Meets or Exceeds Expectations standard is represented by a fixed cutoff point on that distribution.

Using each district's current Meets or Exceeds Expectations rate, the position of the success cutoff relative to the district's score distribution was estimated. Next, the degree to which each district's overall score distribution would need to shift upward in order to increase the Meets or Exceeds Expectations rate by one percentage point was calculated. This shift is expressed in standard deviation units.

Specifically, this shift was determined using the inverse normal distribution. By treating the current Meets or Exceeds Expectations rate as the area under the curve to the right of the Meets or Exceeds Expectations threshold, the specific z-score (standard deviation units) associated with that cutoff can be identified. To find the required improvement, the difference between the z-score of the current Meets or Exceeds Expectations rate and the z-score of the target was calculated. This

difference represents the precise "upward nudge" the entire student body would need to achieve the one-point gain.

Estimating Annual Earnings Gains
Chetty et al. (2014) finds that a one standard deviation increase in student test performance is associated with approximately 12 percent higher annual earnings at age 28 after accounting for a range of observed student and classroom characteristics. This analysis applies that percentage relationship to the average annual pay of workers in each South Carolina county.

For each county, the estimated annual earnings gain per student was calculated as:

*Est. Annual Earnings Gain per Student = Required SD Improvement * 12% * County Average Annual Pay*

The estimated gain was then multiplied by the number of students represented by the relevant graduating cohort. To estimate the portion of these earnings expected to accrue within South Carolina, the analysis further adjusted the results using an assumed 75 percent in-state retention rate and the applicable county labor force participation and employment rates.

This calculation produces an estimate of additional earnings in a representative year. In the economic impact analysis, the same estimated annual gain is assumed to apply to each affected cohort as it progresses through the modeled workforce period.

Key Assumptions and Limitations
The estimates presented in this report are intended to illustrate the potential long-run economic value associated with improved student achievement in South Carolina. They should not be interpreted as forecasts or as estimates of benefits that will necessarily result from achieving a particular Meets or Exceeds Expectations rate.

The central earnings assumption is based on Chetty et al. (2014), which finds that a one standard deviation increase in student test performance is associated with approximately 12 percent higher annual earnings at age 28 after accounting for a range of observed student and classroom characteristics. Although the study provides strong evidence of a relationship between achievement and later earnings, the 12 percent estimate should not be interpreted as a precise causal effect of raising SC READY scores. Unobserved differences among students may account for some portion of the estimated relationship.

Chetty et al. measures earnings at age 28; it does not establish that a 12 percent earnings premium remains constant in every year of a worker's career. This analysis assumes that the percentage relationship can be used to approximate an annual earnings premium over the modeled period. Existing research provides some

evidence that the relationship between academic achievement and earnings persists into middle age, but its precise magnitude may change as workers age. The cumulative results would be lower if the earnings premium diminished over time and higher if it increased.

The 12 percent earnings relationship is applied to county-level average annual pay from the Bureau of Labor Statistics. County average pay reflects workers of different ages, occupations, industries, education levels, and experience levels and therefore does not represent the expected earnings of a particular graduation cohort at a specific age. It is used as a practical measure of the prevailing earnings base in each county. Differences between this benchmark and the actual career earnings profiles of affected students could cause the results to be higher or lower than estimated.

Chetty et al. measures overall academic achievement rather than separately estimating the earnings effects of Math and ELA performance. This analysis therefore uses SC READY Math performance as a proxy for broader academic achievement. Math was selected because statewide Math Meets or Exceeds Expectations is lower than ELA Meets or Exceeds Expectations and thus represents a more demanding benchmark. Nevertheless, the assumption that the estimated Math score shift represents a comparable improvement in overall academic achievement is not directly tested.

Because the underlying data reports the number of students at each achievement level rather than individual scale scores, this analysis estimates the score shift needed to move students across the Meets or Exceeds Expectations threshold using a normal distribution assumption. This is a standard and defensible methodological approach, but it may over or understate the effort required to increase proficiency in districts whose score distributions are highly skewed or bimodal.

The estimates assume that 75 percent of affected students remain in South Carolina and apply current county labor force participation and employment rates. These rates may change over time, and students may ultimately live or work in counties other than the county in which they attended school.

Students currently assessed in grades 3 through 8 will not enter the workforce immediately. Economic benefits will begin gradually as affected cohorts complete their education and enter employment. The cumulative results assume that successive cohorts experience the estimated annual earnings premium and that the associated household spending continues under broadly stable economic conditions The estimates do not account for future recessions, structural changes in the labor market, change in spending patterns, or other economic disruptions.

Input-output models estimate how an initial increase in household earnings and spending circulates through the economy under established industry relationships. They do not account for potential supply constraints, price changes, displacement of other economic activity, or changes in economic behavior that may arise over

several decades. The resulting impacts should therefore be understood as potential economic activity supported under the model's assumptions rather than guaranteed net additions to the state economy.

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