



Getting Down to
FACTS



The Special Education Assessment Conundrum

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This paper addresses three contested, interrelated aspects of the current U.S. special education systems in place in California, under federal and state law: (a) the limited extent to which assessment for special education eligibility meaningfully informs daily instructional service delivery; b) burdens on educators to deliver personalized education without adequate time and tools to craft learning designs calibrated to individual student needs; and (c) ineffective approaches to measuring special education system outcomes at the local, intermediate, and state-wide system level. These issues surface throughout California’s multi-layered special education system.

Together, these dynamics expose a central tension in special education policy and practice: substantial public investment in diagnostic assessment yields relatively little instructional value for students or educators. This misalignment is evident throughout California’s multilayered special education system, particularly at the local education agency (LEA) level, where instructional decisions are made and legal accountability is borne.

While the costs of special education continue to rise, the population of students entering special education continues to grow. The National Center for Education Statistics (2024) indicated that approximately 15% of the school-age population (6-21 year olds and 5 year-olds in kindergarten) received special education services in the 2022-23 school year. This was an all-time high. The percentage of students identified and served with special education varies by state from about 21% in Pennsylvania, New York, and Maine to 12% in Idaho and Maine. The same year, California reported that 14% of its students received special education services. As of the 2024-25 school year, California served 15% of its students with special education services.

There is evidence that special education services can and do benefit students in the long-term, improving high school graduation and employment rates for students with disabilities (Ballis & Heath, 2021). NCES reported that the cost of special education



across the U.S. and its 10 territories is estimated at about \$40 million. Specific learning disabilities remains the most prevalent disability category followed by speech or language impairment. Other health impairment and autism round out the top four categories.

Ballis and Heath (2021) analyzed special education data from Texas over a 10 year period of time during which Texas implemented policy to hold district-level Special Education enrollment 8.5% of district enrollment. Over the 10 years before the US Department of Education determined that the Texas Special Education enrollment target was illegal, statewide special education enrollment declined by 4.5 percentage points, meeting the Texas benchmark. Ballis and Heath analyzed the impact on the Special Education population during the time that the reduced benchmark was in place in Texas. They found that students de-enrolled from special education services experienced a 2.7% decline in high school completion and 3.6% decrease in likelihood of high school completion. Most of these declines came from Special Education students who spent the majority of their day in general education. Subsequent opportunities for full employment as adults were likely compromised. This policy brief underscores the importance of providing special education services and supports through early intervention and continued services that continue over time as students with disabilities navigate the learning contexts and content they encounter in school.

If special education makes a difference in special education student outcomes, what are the opportunities for strengthening services and outcomes in an economy that is rapidly retooling in the context of expanding population diversity and technology complexity. Eligibility for special education, highly personalized education plans, and difficulty in measuring special education outcomes complicate California's special education delivery.

Challenges in Special Education Assessment

Young children and school-aged students may become eligible for special education services as early as infancy and as late as high school. The U.S. Individuals with Disabilities Education Act (IDEA) guarantees the right to services across this age span at no cost to families. The eligibility process is based on individual assessments that are to occur without cost to the family. Educational and developmental assessments are carried out in a number of ways, using formal assessments that are

normed against similar aged populations of children to determine the degree to which student performance on assessments fall within the typical patterns of language, problem solving, social interaction, and involvement with the context around the child (Frey, 2019). Looking carefully at an individual child who may be performing differently from peers to determine whether the child needs and is eligible for additional education supports is a requirement for determining eligibility for special education services (Sullivan & Field, 2024). No single measure or assessment can be the sole criterion for determining whether the child’s performance indicates disability (U.S. Department of Education, OSEP. 34 CFR § 300.304).

General intelligence tests using standardized assessments are one type of tool used in special education evaluation. Individualized achievement and academic performance assessments allow educational teams to gauge the difference between a child’s performance and that of same-age peers using norm-referenced comparisons (Miciak & Fletcher, 2022; National Center on Intensive Intervention, 2023). Additionally, social, emotional, and behavioral assessments are used alongside adaptive behavior scales to provide a comprehensive understanding of student functioning across domains (Lane et al., 2022; American Association on Intellectual and Developmental Disabilities, 2023).

The assessments that schools and districts use are designed to evaluate an individual student’s educational performance across multiple areas, including communication, motor skills, sensory processing, functional life skills, and assistive technology needs (U.S. Department of Education, 2023). Scores from these assessments are interpreted relative to normative samples established during test development, allowing teams to identify performance differences between the individual student and a representative population (Miciak & Fletcher, 2022). These differences help determine whether a student’s performance deviates significantly from expected developmental or academic patterns.

Educational assessments differ from those used for medical diagnosis, although some tools and constructs may overlap; importantly, educational eligibility decisions are based on the impact of a disability on educational performance rather than clinical diagnosis alone (McLeskey et al., 2023; U.S. Department of Education, 2023). Furthermore, disability categories used in schools do not map directly onto medical classifications, reflecting differences in purpose and criteria (McLeskey et al., 2023).

Evaluation procedures are governed by federal law under IDEA and further specified in California state

regulations guiding special education eligibility and assessment practices (California Department of Education, 2024).

The Assessment Process

For infants and young children, assessments are designed to understand how children respond to and interact with their environments, with particular attention to developmental functioning across contexts (Division for Early Childhood, 2022; U.S. Department of Education, 2023). Evaluations typically include measures of motor, sensory, and adaptive capacities, reflecting a comprehensive, multidisciplinary approach to early identification (Division for Early Childhood, 2022). In educational settings, educators, school psychologists, and speech-language pathologists collaborate with specialists in occupational therapy, physical therapy, and other related service areas to conduct these evaluations (American Speech-Language-Hearing Association, 2023; American Occupational Therapy Association, 2022).

Families play a critical role in the assessment process by contributing observations and knowledge of the child's functioning in home and community contexts, which are required components of a comprehensive evaluation under federal law (U.S. Department of Education, 2023). The composition of the evaluation team and the selection of assessment tools are determined by local education agencies within the parameters of federal and state regulations, resulting in variability in assessment practices across districts and agencies (Morgan et al., 2023; California Department of Education, 2024). Because evaluation procedures require the use of multiple measures but allow local discretion in implementation, differences in team composition, assessment tools, and interpretive practices can lead to variation in eligibility outcomes (Morgan et al., 2023; Sullivan & Field, 2024).

Professional Boundary-Crossing Challenges in Assessment Practices

Physicians and other medical professionals are not typically required participants in school-based evaluations, as eligibility for special education is determined based on educational criteria and the impact of a disability on learning rather than medical diagnosis, although outside clinical information may be considered when available (U.S. Department of Education, 2023; McLeskey et al.,

2023). Families with sufficient resources are likely to consult their pediatricians and other physicians to diagnose learning difficulties, prescribe interventions, including medication, and may rely on medical expertise to guide them in advocating their children’s needs in educational settings (Fish et al., 2026). There is considerable disconnect between the diagnostic processes and diagnostic categories used in the medical and educational sectors. Qualifying for services under special education provisions requires that a specific impairment impedes a child’s ability to participate in and benefit from general education settings. When families travel between both spheres, they may find contradictions as well as opportunities for advancing supports. Family and student voice in education and medical spheres is critical for meshing interventions and achieving desirable outcomes (Fish et al, 2026).

Complicating the process, assessments may not account for or reflect a child’s cultural background, past life experiences, fluency with the language/s used during assessment, and social/emotional health and lability (Golson et al., 2026). Further, assessment processes, including the assessor’s life experiences, languages, and connection with the infant, child, or student being assessed can result in incomplete understanding of a student’s capacity, skills, and creativity. The intersection between these, and other, factors are complex and complicate the diagnosis and the design of an individualized education plan (IEP), if a child qualifies for service.

Rushed timelines, tight budgets, communication difficulties among members of the assessment and determination committee can confound collecting, analyzing, and determining eligibility. Systemic bias and language barriers can also be constrained by factors like a rushed timeline, a tight school budget, or lack of availability of family members (GAO, 2024). These challenges can skew assessment scores, resulting in a misaligned IEP, or they may derail the assessment and IEP development process altogether. Not every assessment team has access to needed technologies, specific kinds of expertise, and effective communication processes (Sullivan & Field, 2024). These contextual variables can create false positives and negatives: students who may not need special education supports are identified and served (Fish et al, 2026). Conversely, students who may need services complete the process without receiving the services they need to succeed (Golson et al., 2026).

Together, these dynamics expose a central tension in special education policy and practice.

While initial evaluations that determine eligibility for services do help families advocate for services

that their child or children may need, substantial public investment in diagnostic assessment yields relatively little instructional value for students or educators. This misalignment is evident throughout California's multilayered special education system, particularly at the local education agency (LEA) level, where instructional decisions are made and legal accountability is borne.

California's Special Education Administrative Structure

This paper focuses on California's special education assessment challenges within California LEAs which include districts, charter local education agencies, and county offices of education. LEAs are responsible for all direct services to students including child find and referral, assessment and eligibility determination, individualized instructional services, related services such as speech, occupational and physical therapy, counseling, and transportation, and placement decisions ranging from general education inclusive settings to nonpublic schools.

An intermediary system, specific to California, currently includes 136 Special Education Local Plan Areas (SELPA). SELPAs are regional consortia of districts and/or counties that are charged with coordinating special education services, pooling resources, ensuring legal compliance, and providing economies of scale. SELPAs vary in composition—single-district, multi-district, county-based, or charter-only—and receive operational funding from the state in addition to local, state, and federal sources (Petek, 20219).

The degree to which these structures provide economies of scale and administrative coordination is unclear (Petek, 2019) since districts and district personnel provide most direct services. SELPAs also diffuse responsibility for assessment across multiple organizational layers. These organizational arrangements are related to the costs of determining student eligibility for special education services and supports as well as where those services will be delivered and by whom. Multiple layers can complicate connecting determinations of eligibility for special education services to the information that service providers in classroom need to design and support learning in classrooms (Petek, 2019). A document or online information may or may not translate specifically into content specific strategies for supporting learning.

If a classroom teacher receives a student with an auditory processing disorder, the teacher needs to be able to respond to the student's needs. Being responsive requires having (a) the information about a student before they arrive in class, (b) having the time to ensure that the physical environment reduces ambient noise; (c) the teacher's classroom design and approach to teaching allows for seating the student so that distractions are minimized; (d) proximity to the teacher or any speaker in class is set up effectively, and (e) the classroom seating facilitates lip-reading and other visual cueing signals. Classroom teachers will likely need support to consider and implement these accommodations. Lighting and visual supports are other important tools. The teacher may have 25 other students, some of whom also have specific accommodations. And, the special educator in the building is already tasked with a caseload of students in other classrooms around the building. In a well-resourced school with experienced teachers and special educators, the teacher receiving a student with these needs can likely accommodate the new student and get on with designing lessons that respond to the curriculum plan. But, the time that it takes to hone the processes can compromise the quality of learning while accommodations are smoothed out.

If this information were available a priori, all resource people in the building notified, a team meeting scheduled, and testing equipment and processes were completed before the student showed up, a more seamless transition for the new student and the classroom could occur. Funding spent on eligibility determination can mean that schools don't have the support mechanisms and staff to be able to facilitate these friction points. They may not have the data systems in place to track needed supports where, when, and for whom.

In a California school system with 6,000 students, 400 students (based on 15% of the total student population) need their teachers to be able to support their special education needs. Setting up the environment so that a student's sensory needs are met is only one part of the challenge. What has the student missed in terms of knowledge blocks? What does the student need to be able to work in collaboration with other students on projects? How will field trips be modified. Or homework? Teachers need the time to think through their support systems and schedule consultation time with special educators who have large case loads.

There are lessons to be learned from public health that can help schools be ready to accommodate differences among students. Multi-tiered systems of support for special education services borrow from public health models to install basic forms of accommodations in every classroom so that teachers can be prepared with basics, and, as students have increasingly complex needs, more supports can be relayed to the right spot at the right time (Gandhi et al., 2026).

The layered bureaucracy which, in theory, should ensure that educators have the data and background information they need, can be laden with compliance activities that are preambles to the entrance of a student into a classroom. Responsibilities for these layers are shared by local school districts and County offices. Special education personnel serving on an eligibility committee may be employed by either agency, each with differing cultures, and perspectives on administering federal and state guidelines for special education.

There is little time in the eligibility determination meeting to layout an actionable IEP that ensures clarity about what supports and adaptations will be needed to create student success (Vanherwegen et al., 2026). The extent to which educators who teach special education eligible students have access to, understand, and can apply research-based practice to deliver supports, interventions, and learning designs that improve individual student outcomes varies across roles, communication and supervision systems. What is evident, however, is that front-line educators face significant information and communication barriers to translating assessment results into effective, personalized student learning, regardless of their setting (Jones et al, 2025).

Assessment for Special Education Eligibility

California oversees the processes by which students are assessed, determined eligible for special education, and served through individualized education programs (IEPs). In 2025, the state reported serving approximately 865,213 students with disabilities, about 15 percent of the total student population. Roughly 50 percent of these students are educated in general education classrooms for at least 80 percent of the school day, while approximately 17 percent are served in separate schools or special classes for 40 percent or more of the day (<https://dq.cde.ca.gov/dataquest/DQCensus/SPEDEnr.aspx?cds=00&aggllevel=State&year=2024-25>).

Only five other states report separate schooling or special class numbers this high (U.S. Department of Education, 2023).

Eligibility Determination

While special education requires substantial financial and professional resources in diagnostic assessment procedures, decades of research demonstrate that these assessments provide limited actionable information for guiding effective instruction (Kouo et al., 2024; Maki & Adams, 2022; Witzel et. al, 2026). In practice, the primary function of diagnostic testing remains the determination of eligibility for services under categorical disability labels, rather than carefully scripted instructional strategies aligned with students' learning strengths and needs (Kouo et al, 2024; National Academies of Sciences, Engineering, and Medicine [NASEM], 2018; Power-deFur, 2024). Recent experimental research by Sullivan et al. (2019) and Golson et al. (2024) suggests that these eligibility decisions can be unstable and sometimes diverge from the actual behavioral and academic evidence provided during evaluations, reinforcing the idea that diagnosis often serves as an administrative gatekeeping mechanism rather than a catalyst for improved pedagogy (Rivera & Tilcsik, 2023; Saatcioglu & Skrtic, 2019).

Although federal policy envisions individualized education programs (IEPs) grounded in ongoing assessment and tailored instruction, research consistently shows that many IEPs rely on homogenized instructional practices and compliance-oriented documentation rather than responsive, data-informed teaching (Morningstar et al., 2021). This misalignment is particularly evident in California, where PACE (2026) reports that student outcomes are driven more by the quality of inclusive instructional structures than by the initial diagnostic placement. Furthermore, current California Department of Education guidance distinguishes between these administrative "summative" diagnostics and the "interim" or "formative" tools actually required for precise daily instruction, suggesting that the resource-heavy diagnostic process frequently fails to reach the classroom in a meaningful way.

This disconnect undermines the original intent of individualized assessment as a tool for improving learning outcomes for students with social, emotional, cognitive, and academic support needs. When a student is determined to be eligible for special education services, an individualized

educational plan (IEP) is designed and signed by school district representatives and student family members. The IEP is a legally binding contract. Local budgets cover any costs beyond state/federal special education allocations. Further, the LEAs bear the greatest accountability and legal risk, the least control over funding adequacy, and the highest administrative burden.

Studies consistently show that diagnostic results rarely translate into clearly articulated instructional strategies aligned with students' learning strengths and needs. As a result, eligibility assessment functions largely as a gatekeeping mechanism rather than as a catalyst for improved pedagogy. Although federal policy envisions IEPs grounded in ongoing assessment and individualized instruction, many plans emphasize compliance and documentation over responsive, data-informed teaching. This disconnect undermines the original purpose of individualized assessment as a means to improve educational outcomes.

For students with moderate to severe disabilities, the necessity of specialized supports and differentiated instruction is widely recognized (Heward, 2017). In such cases, costly diagnostic procedures may be redundant, confirming needs that are readily observable without costly testing (Orosco & Reed, 2024). Redirecting resources from eligibility confirmation to evidence-based interventions and instructional supports could improve instructional quality without compromising services.

The diagnostic challenge is more complex for students with mild learning differences, such as those with specific learning disabilities, attention-related challenges, or borderline difficulties (Golson et al., 2024) For these students, eligibility decisions are often unstable and context-dependent, with similar profiles qualifying for services in one district or school but not another. (Fuchs & Fuchs, 2017, Klingner et al., 2015; Vaughn & Fletcher, 2012). This boundary problem highlights a fundamental limitation of categorical diagnosis: it obscures the instructional reality that learning variability exists along a continuum (Fuchs & Fuchs, 2017; NASEM, 2018).

Taken together, these patterns suggest a systemic misalignment between the goals of special education and the tools employed to reach them. Current practice emphasizes classification and eligibility rather than ensuring need *and* equipping educators with strategies to address learning diversity. Research on differentiated instruction, universal design for learning, and multi-tiered systems

of support shows greater potential for improving student outcomes than categorical diagnoses (Tomlinson, 2014; McLeskey et al., 2017). Shifting resources from costly assessments to inclusive, multi-tiered instructional frameworks that assist teacher instructional decision-making could ensure that both formally identified students and those not classified may receive more effective educational support and improve outcomes more directly (Lambert et al., 2023; Thomas et al., 2023).

The Financial and Instructional Costs of a Diagnostic/Remediation Model

Special education diagnostic assessment consumes substantial financial and human capital. Private evaluations commonly range from \$1,000 to \$5,000 per student, while district-based assessments require significant staff time and contracted services. Despite this investment, the instructional yield is often minimal (GAO, 2024; NASEM, 2018). This analysis proposes alternative approaches centered on responsive teaching, embedded progress monitoring, and inclusive instructional design. Reducing reliance on categorical diagnosis while expanding investments in evidence-based instructional differentiation may yield a more equitable, efficient, and instructionally coherent special education system (Gesel et al., 2021; McLeskey & Waldron, 2015).

For students with moderate to severe disabilities, the necessity of differentiated instruction is clear—rendering extensive diagnostic procedures somewhat redundant. Resources may be better allocated directly to supportive interventions for students rather than confirmation of needs. The cost of special education determination evaluations, including staff time and contracted services, adds to district, SELPA, and state financial strains. In contrast, students with subtler learning differences—located nearer the special education eligibility threshold, may need more intensive assessment to determine needs for support and intervention in classrooms. Many of these students, whether formally categorized or not, could benefit from personalized instruction, that offers multiple ways of accessing learning materials, engaging in activities to become familiar with new constructs and tactics to deeply understand and assimilate new material (Capin, et al., 2025). Further, these approaches support students' abilities to be able to apply newly acquired information for problem solving, suggesting that classification alone may not be the best filter for educational support.

Personalized instruction has been shown to promote student well-being, inclusion, and academic self-concept in secondary schools. Meta-analyses and reviews consistently report moderate positive effects on learning outcomes by an average of five months (Van Herwegen, et al., 2026). Moreover, differentiated instruction enhances engagement and motivation by tailoring content, process, and products to individuals. However, implementing differentiated instruction poses challenges: it demands substantial planning, resources, time, and strong professional development infrastructure.

Costs Associated with Comprehensive Assessment

Comprehensive special education eligibility evaluations conducted by school psychologists typically require approximately 10–25+ professional hours per student, including assessment, consultation, data integration, and report writing, with substantial variability based on case complexity and local requirements. Although the National Association of School Psychologists (NASP) does not prescribe a single fixed number of hours for a special education eligibility evaluation, its 2020 Practice Model (NASP, 2020) frames assessment as a comprehensive, multidisciplinary, and integrated professional activity rather than a brief testing event alone.

In California, that broader conception is especially important because local implementation occurs under substantial workforce and compliance pressure: the California Association of School Psychologists reported in 2023 that, while NASP recommends approximately 1 school psychologist per 500–750 students, California averages closer to 1:1,000, with some schools reported as low as 1:3,000 (CASP, 2023). At the local level, California district review evidence shows that school psychologists' time is concentrated heavily in initial and triennial psychoeducational assessments. As an example, Fremont Unified's 2025 FCMAT review noted that most of their psychologists' time was spent on evaluations and that high numbers of initial assessments significantly increased workload. California SELPA procedural guidance requires assessments to be multimethod, multidisciplinary, and sufficiently comprehensive, while completed evaluations and IEP review meetings generally must occur within the state's 60-day timeline, intensifying documentation and coordination demands. Consistent with these NASP and California conditions, a policy estimate is that a comprehensive initial eligibility assessment commonly requires roughly 10–25 professional hours per student, including record review, interviews,

observations, test administration, scoring, interpretation, report writing, and team consultation. In California settings operating under elevated caseloads, this estimate is likely conservative for more complex cases.

Cost Breakdown

Typical components in a school-based evaluation include the following:

- School psychologist testing time: ~15–25 hours at \$40–\$70/hour = \$600–\$1,750
- Special education teacher assessments & reports: \$500–\$1,000
- Speech/Language, OT, PT assessments (if indicated): \$300–\$800 each
- Administrative costs (meetings, paperwork, coordination): \$500–\$1,000

Together, this brings the median cost around \$2,500–\$4,000 per evaluation. While California has not published a per-evaluation rate for 2022–2025, California’s Legislative Analyst’s Office confirms that districts generally spend more than state allocations ([Overview of Special Education Funding Models, Report #4486](#)).

National Estimates

- A CDE analysis noted that evaluation and eligibility determination are a significant per-pupil expense in special education, often overlooked in funding formulas.
- A Texas Education Agency (2023) fiscal analysis estimated school districts spend \$2,500–\$3,500 per initial evaluation on average.
- Independent evaluations (if schools pay for an Initial Education Evaluation (IEE) after a parent request) can run \$4,000–\$7,000, which districts must absorb if they don’t prevail in a due process hearing.

Hidden/Indirect Costs

- Evaluations require staff time pulled from other duties resulting in the loss of time spent on instruction and/or consulting/coaching classroom teachers.

- Re-evaluations (every 3 years under IDEA) add recurring costs.
- Districts with shortages of school psychologists or speech/language specialists (SPSs) often must contract out, which raises costs substantially (sometimes double in rural areas due to travel and scarcity).

Disproportionality in the Population of Students Referred for Special Education

Disproportionate representation of students from minoritized backgrounds is a predictable outcome of how identification systems are structured. Students from historically marginalized groups, including those experiencing poverty, racialized inequities, linguistic diversity, and immigration-related barriers, are more likely to encounter schooling conditions characterized by uneven access to high-quality instruction, limited early intervention, and variable opportunities to demonstrate competence. When learning differences emerge under these conditions, referral and evaluation processes often function as downstream sorting mechanisms rather than as tools for understanding instructional need. Because special education eligibility is determined through multidisciplinary assessment systems that are episodic, resource-intensive, and oriented toward classification, they are particularly vulnerable to reproducing inequities embedded in prior educational experiences.

A substantial body of research demonstrates that assessment practices are not culturally or linguistically neutral. Standardized measures, observational frameworks, and even team-based interpretations of student performance are shaped by language proficiency, cultural expectations, and contextual factors that are unevenly distributed across student populations. When these tools are applied within time-constrained, compliance-driven systems, the likelihood of misinterpretation increases. Students who have not had equitable access to high-quality instruction or who are navigating multilingual environments may be more likely to be identified with disabilities such as specific learning disability or emotional disturbance, while others—particularly English learners—may be under identified when language acquisition is conflated with disability or when appropriate assessment tools are unavailable. These dynamics produce both over- and under-identification, reinforcing patterns of disproportionality across racial, socioeconomic, and linguistic groups.

The current allocation of resources exacerbates these patterns. Special education systems invest heavily in determining eligibility status, with substantial personnel time devoted to comprehensive evaluations, while comparatively little investment is directed toward continuous, instructionally embedded assessment systems that could differentiate between disability and inadequate opportunity to learn. In the absence of robust, ongoing data—such as curriculum-based measurement and other progress monitoring tools—teams must rely more heavily on static, decontextualized assessment snapshots that are less sensitive to instructional context and more susceptible to bias. As a result, eligibility decisions may reflect accumulated opportunity gaps rather than intrinsic learning differences.

Addressing disproportionality, therefore, requires more than procedural safeguards or bias training; it requires a structural reorientation of assessment systems. When schools invest in continuous, culturally responsive data systems that are embedded in instruction, educators are better positioned to distinguish between differences in opportunities to learn, language development, cultural contexts and expectations, and ability differences. These systems support earlier, more precise intervention and reduce reliance on high-stakes, time intensive, eligibility determinations as the primary gateway to accessing support. Emerging approaches, including AI-enabled learning feedback systems, can shift identification from a one-time classification event to an evidence-based understanding of student learning over time. In doing so, identification shifts from one-time classification event to an evidence-based understanding of student learning over time and conditions, offering a pathway to reduce disproportionality by aligning assessment practices with instruction, learning opportunities, and context rather than categorical sorting.

In summary, diagnostic evaluations currently incur significant cost with minimal pedagogical return. For clear-cut cases, differentiation is self-evident, making costly assessments unnecessary; on the periphery, instructional flexibility benefits a broader range of learners. By decreasing emphasis on eligibility and increasing focus on effective differentiation, the system could serve all students more equitably and efficiently.

Policy Directions for Reform

Reforming the current diagnostic system requires coordinated initiatives at the local, state, and federal levels. Locally, school districts need professional development that equips teachers with skills in differentiated instruction, universal design for learning, and tiered intervention models such as Response to Intervention (RTI) and Multi-Tiered Systems of Support (MTSS) (Gesel et al., 2021). Rather than emphasizing eligibility testing, local school districts could reallocate assessment budgets to coaching and collaborative planning, ensuring that general and special educators have the instructional tools to serve a wide range of learners (Darling-Hammond et al., 2017).

There is no doubt that direct service providers, general and special education teachers and para-educators need ongoing support to build effective systems for classroom organization, management, and learning designs to ensure that students with a variety of educational needs are able to learn effectively in their classroom settings. Related services staff such as school psychologists, speech and language providers, and para-educators need support to develop effective teaming strategies in real time in classrooms. Shifting the costs of accountability systems to learning systems for educators and students would offer more powerful outcomes for students and potentially reduce teacher burnout and attract related services staff to schools. Salaries, coaching, and educator support are needed. Frequent, actionable assessment of student performance could help educators and students improve performance. Less focus on compliance and more focus on outcomes would provide better outcomes for educators and their students.

At the state level, policy can incentivize instructional flexibility by revising funding formulas that currently tie resources to disability categories. States might pilot weighted funding systems that allocate additional support based on instructional need rather than categorical diagnosis, thereby reducing incentives to over-identify students while still ensuring equitable access to resources. Additionally, states could mandate professional preparation programs include extensive training in inclusive pedagogy, collaborative teaching, and evidence-based interventions, addressing the knowledge gap created when diagnosis substitutes for instructional planning (Taylor & Sailor, 2024).

Federally, reform efforts should focus on reinterpreting the Individuals with Disabilities Education Act (IDEA) to place less emphasis on categorical eligibility and greater emphasis on ensuring access to high-quality, evidence-based instruction for all students (Osher et al., 2025). Funding streams could be redirected to support schoolwide inclusive practices and MTSS frameworks, minimizing the costly reliance on psychometric assessments as the primary gatekeeper for services. Moreover, federal policy could expand research funding for comparative studies of diagnostic costs versus instructional interventions, providing an empirical basis for large-scale reform (Osher et al., 2025).

By shifting emphasis from assessment to instruction, these policy initiatives would streamline the use of resources, reduce inequities in access to services, and more effectively support the diverse learning needs of students across the educational spectrum. Such changes would help to reorient special education toward its ultimate goal: not simply identifying students, but ensuring that all learners receive meaningful, high-quality opportunities to succeed (McLeskey & Waldron, 2015).

The imbalance between eligibility determination and instructional assessment becomes particularly visible when examined through a cost lens. In California, comprehensive special education evaluations typically require between 20 and 50 hours of multidisciplinary professional time, translating into approximately \$2,500 to \$7,000 per student when personnel costs are considered. These expenditures are concentrated at discrete points in time—initial eligibility and triennial reevaluation—and are largely oriented toward classification and compliance.

In contrast, the ongoing assessment practices most closely tied to instruction, such as curriculum-based measurement (CBM), require relatively modest investments, often amounting to only \$100 to \$500 per student annually in teacher time and associated supports. Despite their comparatively low cost and strong evidence base for improving instructional decision making, these practices remain underdeveloped and inconsistently implemented. This stark asymmetry reveals a fundamental inefficiency in special education systems: substantially greater resources are allocated to determining eligibility than to generating the continuous, actionable data needed to guide teaching and learning. As a result, the system privileges episodic, high-cost diagnostic processes over sustained, low-cost instructional improvement mechanisms, reinforcing the disconnect between assessment and classroom practice.

Evaluation and eligibility determination in special education constitute a nontrivial and structurally embedded cost center within IDEA implementation, requiring multidisciplinary personnel time, compliance documentation, and procedural safeguards that are not explicitly costed in most funding formulas. California allocates ~84% of special education funding based on average daily attendance, not actual services, disability type, or evaluation costs. This creates a structural disconnect between cost drivers (e.g., assessment, specialized services) and funding streams

In California, these costs are absorbed within a broader finance system in which state allocations are largely census-based (AB 602) and only loosely aligned with actual service and assessment expenditures, leaving local education agencies (LEAs) and SELPAs to cover substantial unfunded obligations associated with identification and evaluation processes (Warren & Hough, 2016; Willis et al., 2020).

Conclusion & Policy Initiatives

To enact meaningful reform, targeted policy initiatives at **local**, **state**, and **federal** levels, could aim at rebalancing investment toward effective differentiation while streamlining diagnostic burdens.

Local level: Encourage school districts to reallocate discretionary funds from extensive formal evaluations to classroom-based supports. This includes investing in on-site coaching, collaborative planning time, and tiered instructional models (e.g. supplemental small groups, flexible grouping). Local districts should pilot models that reduce formal diagnoses for clearly evident needs, implementing instead universal screening and early intervention protocols that trigger immediate differentiation.

State level: Reform funding formulas by bundling or waiving partial reimbursement for diagnostic procedures when needs are obvious. California could incentivize differentiated, focused professional development as an alternative to hiring additional diagnosticians, for example, offering grants to schools that demonstrate improvement in student outcomes via training in differentiated methods or universal design for learning. Additionally, state education agencies should develop personalized curriculum toolkits and mandates for ongoing structural supports—such as dedicated weekly planning time—for teachers.

Federal level: Under IDEA and its implementing regulations, redefine eligibility guidelines to emphasize instructional need, not diagnostic labels, as the primary threshold for resource allocation. Federal funding to states could be tied to evidence of effective classroom differentiation, measured through indicators such as progress monitoring, universal design implementation, or student self-concept and engagement metrics. The Department of Education should release federal guidance and model district frameworks illustrating how to pivot from costly classification toward scalable, systemic data-based, instructional feedback cycles.

The current allocation of resources in special education—prioritizing eligibility determination over instructional data systems—reflects a structural inefficiency rooted in labor-intensive, compliance-driven assessment practices. AI-enabled assessment systems offer a pathway to rebalance this equation. By automating routine components of evaluation, including scoring, data integration, and report generation, AI can substantially reduce the time and cost associated with eligibility determination. More importantly, these technologies enable a shift from episodic assessment toward continuous, embedded data collection aligned with instruction. In such a system, eligibility decisions emerge from longitudinal evidence of student performance, while educators gain access to real-time data that directly inform teaching. This reconfiguration allows existing resources to be redeployed from classification toward instruction, transforming assessment from a high-cost administrative requirement into a central driver of learning.

Equity must remain central: all levels should include safeguards ensuring marginalized students are not overlooked in reduced diagnostic systems. Instead, systems levers must embed ongoing formative assessment, cultural responsiveness, and bias training to mitigate under-identification and misplacement. By systematically shifting from diagnosis-heavy models toward instructional flexibility and teacher capacity-building, stakeholders can ensure that every student receives timely, effective, and equitable learning support—regardless of formal classification.

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