

POLICY BRIEF · MARCH 2026

Equity Under Constraint

Resource Allocation, Educational Innovation, and the Case for Funding Parity in Rochester's Charter Schools

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\$20,809

Per-Pupil Funding Gap
Charter schools vs. RCSD (adjusted)

~9,200

Charter School Students
30% of Rochester's K–12 enrollment

87% / 97%

Black & Brown / Econ. Disadvantaged
Student composition, representative schools

I. THE FUNDING GAP

Rochester, New York, ranks among the highest nationally in child poverty, including a 42 percent child poverty rate, more than double the state average, in a city identified as bounded by the single most economically segregating school district border in the United States. Against this backdrop, Rochester's charter schools serve approximately 9,200 students, 30 percent of the city's K–12 public school population, and produce documented academic outcomes that in many cases equal or exceed those of the Rochester City School District, while operating on approximately 42 cents of every dollar available to district schools.

The adjusted per-pupil gap between Rochester's charter schools (\$15,277 in combined state and federal funding) and RCSD (\$36,086 in adjusted instructional expenditure) stands at approximately \$20,809. Even the most conservative calculation, using NCES federal data, produces a gap of \$13,331. Rochester is also the only major city in New York State where the charter per-pupil rate has declined in recent years: in 2024–25, it fell \$228, (\$14,316 to \$14,088) in the same budget year that statewide Foundation Aid rose 3.9 percent, producing an aggregate loss of \$2.1 million across the sector (NYCSA, 2025). Over the six years since 2019–20, the nominal charter rate has grown 0.7 percent while the regional Consumer Price Index rose 24.4 percent.

The gap is produced mechanically by Education Law § 2856, which sets charter tuition at the lower of two calculations and in practice ties it to the growth rate of aggregate district expenditures. Four structural defects compound to suppress Rochester's rate specifically: the formula tracks aggregate rather than per-pupil spending, so charter schools do not benefit as RCSD's per-pupil expenditure rises with enrollment decline; it excludes facilities costs, which charter schools must fund from operating budgets while district schools do not; it contains no poverty adjustment, treating a school in a 42 percent poverty community identically to one in a 10 percent poverty community; and it interacts perversely with the Foundation Aid "hold harmless" provision, which sustains flat aggregate district spending, and therefore a near-zero or negative charter growth factor, even as per-pupil district spending rises. The cross-district comparison is the clearest evidence that the formula produces inequitable outcomes: Rochester's charter schools receive \$14,277 per pupil for 2025–26, compared to \$18,310 in Yonkers and \$19,044 in New York City, despite Rochester's child poverty rate being nearly 2.5 times that of Yonkers.

II. WHAT THE GAP COSTS

Rochester's charter schools have nonetheless produced outcomes that make the funding disparity more striking. On the 2023 New York State assessments, one college-preparatory network outperformed RCSD by 47 percentage points in mathematics and 22 in ELA; one elementary charter achieved 75 percent math proficiency among economically disadvantaged students in the same year RCSD achieved 10 percent among the same group; one secondary charter reports a 90 percent graduation rate while serving a student body that is 97 percent economically disadvantaged, against a 67 percent RCSD district average (NYSED, 2023). These outcomes emerge from instructional quality, not student selection. Rochester's charter schools serve populations that mirror or exceed RCSD's in poverty and racial composition. Jackson and Mackevicius (2024), in a meta-analysis of 31 causal studies, found that a \$1,000 increase in per-pupil spending sustained for four years improves test scores by 0.032 standard deviations and college-going rates by 2.8 percentage points. The gap Rochester's charter schools face is not \$1,000 but more than \$20,000.

The funding formula is, in its practical effect, a labor policy. Charter school teachers in Rochester earn an average of approximately \$44,801 annually, compared to \$61,785 for RCSD teachers—a 25 to 27 percent gap compounded by exclusion from the state's defined-benefit pension system. Rochester's charter sector has achieved teaching forces more racially diverse than the national average for traditional public schools, yet those educators, many of whom carry greater educational debt and fewer generational wealth buffers than their white peers, accept lower compensation and fewer retirement protections because the schools where they can do mission-aligned work are the schools the formula has chosen to underfund. The result is a non-virtuous equity cycle: Black and Brown charter school teachers work longer hours in longer school years for less pay in schools serving predominantly Black and Brown students, funded at lower levels by a formula that contains no mechanism to recognize or address this disparity.

III. A RACIAL EQUITY ISSUE AND A CONSTITUTIONAL OBLIGATION

The underfunding of Rochester’s charter schools is a racial equity issue. Rochester’s charter schools serve approximately 87 percent Black and Brown students in a city where 42 percent of children live in poverty. The funding formula contains no mechanism to account for racial composition or the costs of serving high-need populations. The Education Trust’s Funding Gaps 2018 report found that funding gaps by race are nearly twice as large as those based on poverty alone (ERIC: ED587198). Rauscher and Fiel (2025) found that state finance reforms have widened racial funding gaps in states with high segregation—a finding with direct implications for New York, where formula mechanics produce exactly this outcome. The formula ties charter funding to expenditure growth rates depressed by the departure of predominantly Black and Brown students, then uses that suppressed rate to justify providing their schools \$4,033 less per student than Yonkers and \$4,767 less than New York City.

Campaign for Fiscal Equity, Inc. v. State of New York (2003, 2006) established that the New York State Constitution requires all children the opportunity for a sound basic education, explicitly naming Rochester among the districts where that obligation was not being met. The Foundation Aid formula was designed to fulfill this mandate. Applied to charter schools, it produces outcomes that contravene the adequacy principles it was designed to uphold. The state’s constitutional obligation extends to the approximately 9,200 children enrolled in Rochester’s charter schools. The current formula does not meet it.

IV. RECOMMENDATIONS

The twelve recommendations below are organized across three tiers. Every recommendation is funded through new state appropriation; none reduces any funding stream available to RCSD. This report does not argue that RCSD is overfunded—the district faces a projected \$53 million budget gap for 2026–27 and the cumulative consequences of decades of deindustrialization and inadequate state investment. The state produced the gap; the state must provide the remedy. Supporting Rochester’s charter schools and supporting RCSD are not competing goals. All 30,000 of Rochester’s public school students, charter and district alike, are Rochester’s children.

<p>TIER 1 Immediate</p>	<ol style="list-style-type: none"> 1. Equity Supplement: appropriate a state-funded per-pupil supplement (\$3,000–\$4,000/student) for charter schools in districts where child poverty exceeds 30 percent, representing a \$27.6–\$36.8 million investment at current Rochester enrollment. 2. Inflation Floor: amend Education Law § 2856 to establish a CPI-Northeast minimum annual increase in the Charter School Basic Tuition rate, preventing real-dollar declines regardless of formula fluctuations. 3. Emergency Stabilization: appropriate one-time bullet aid compensating Rochester charter schools for the \$2.1 million aggregate loss incurred in 2024–25.
<p>TIER 2 Formula Reform</p>	<ol style="list-style-type: none"> 4. Poverty Weight: incorporate a poverty-weighted supplement into the charter tuition formula, modeled on the Foundation Aid need-resource index. 5. Decouple from Hold Harmless: calculate the charter tuition growth factor on a per-pupil basis rather than aggregate expenditures, eliminating the mechanical penalty in declining-enrollment districts. 6. Facilities Inclusion: amend the Approved Operating Expense base to include facilities costs, or establish a per-pupil facilities supplement through the Education Equity Fund proposal (A2669). 7. Economic Impact: account for the local economic multiplier of charter school investment in formula reform deliberations. 8. Rochester Education Equity Commission: convene a working body to develop a comprehensive plan for equitable funding across both sectors.
<p>TIER 3 Long-Term</p>	<ol style="list-style-type: none"> 9. Workforce Pipeline: fund a state-supported teacher preparation and retention pipeline targeting Black and Brown educators from the Rochester community, with tuition assistance and loan forgiveness for a minimum five-year service commitment. 10. Cross-Sector Reporting: require NYSED to publish annual standardized per-pupil funding comparisons for all Big Five districts, adjusted for student need factors. 11. Accountability Alignment: direct NYSED to incorporate a funding adequacy assessment into charter renewal, certifying that schools have been funded at levels sufficient to meet the standards against which they are judged. 12. RCSD Protection: include an explicit provision in every legislative vehicle confirming that no formula adjustment or supplemental appropriation directed to charter schools reduces any revenue stream available to RCSD.

Full report: DeFilippis, K. M. (2026). Equity Under Constraint: Resource Allocation, Educational Innovation, and the Case for Funding Parity in Rochester’s Charter Schools. Palmer Contextual Solutions LLC. Prepared for The Summers Foundation, Rochester, New York.