



TO: Stuart Markey, Executive Director Capital Bond Program
FROM: George A. Harris III, PSA Administrator
DATE: August 27, 2009
RE: Targeted ZIP codes for PSA workforce goals

Prop. S ICOC
Exhibit 7.2 Part 1
September 17, 2009

Under the terms of the Project Stabilization Agreement, the District's Project Labor Coordinator is required to communicate to the Contractors and Unions a list of ZIP codes. The PSA sets as a goal that 35% of the Contractors work force should reside in those targeted ZIP codes. You have asked me for a recommendation that identifies those ZIP codes.

I recommend that we designate the following TEN (10) ZIP codes:

92105	92115
92113	92111
92102	92116
92114	92139
92104	92117

A brief explanation follows which explains how this recommendation was reached.

PSA Language

Section 3.5(a) of the PSA, titled "Employment of District Residents," states in relevant part the following:

In recognition of the District's mission to serve the District and its residents, the Unions and Contractors agree that, to the extent allowed by law, and as long as they possess the requisite skills and qualifications, residents of the District shall be first referred to Project Work. . .

. . .

in circumstances determined by the District, the Project Labor Coordinator shall furnish a Contractor and the affected Unions with a designated list of zip codes for which employment preference shall be given . . . of a minimum of thirty-five percent (35%) of such Contractor's work force [.]

The purpose of Section 3.5(a) is to advance local employment opportunities to District residents, particularly those residents in areas of the District experiencing financial insecurity. For the selection to be successful, the targeted ZIP codes must be populous enough to supply a significant number of potential workers, yet small enough in number to make a significant impact in the most distressed areas.

There are many ways to select the targeted ZIP codes. Here are three ideas:

1. BOE member selection, e.g. each BOE picks 1, 2 or 3 ZIP codes within his/her sub-district.
2. Rates of unemployment, poverty, etc. across the entire school district. These rates measure the density of financial insecurity.
3. Actual numbers of unemployed residents, poor residents, etc. across the entire school district. Actual numbers measure the scale of financial insecurity

The above recommendation incorporates approaches 2 and 3, which seek to prioritize those ZIP codes by the degree of financial insecurity. I have attached two tables that will assist you in following analysis supporting the recommendation. Table A (the "Data Table") contains

numbers and percentages for each ZIP code reflecting four measures of financial insecurity: 1) number of individuals living in poverty, 2) the poverty rate, 3) the number District students receiving free and reduced lunch and 4) the rate of students receiving free and reduced lunch (FRL). Table B (the “Rankings table”) arranges the ZIP codes according to their rank among the four factors in the Data Table. To arrive at a list of ZIP codes that incorporates both the intensity and scale of financial insecurity, I developed a “Priority Index” which ranks ZIP codes using those four factors. ZIP codes in Rankings Table the orders the ZIP codes by the Priority Index.

The Priority Index produces a ZIP code list that reflects the objective of providing opportunities to families of District students living with financial insecurity. It also mitigates against statistical anomalies in a way that the four factors, considered alone, do not. For example:

1. Considering only the number of students receiving free and reduced lunch does not consider that some ZIP codes are substantially more populous than others. Thus 92126, one of the most populous when considering the number of students, would rank as the 6th most neediest ZIP code even though it ranks 19th in terms of FRL density. It would replace 92116, which ranks 10 positions higher in FRL percentage.
2. Considering only the percentage of students receiving free and reduced lunch disproportionately rewards ZIP codes with very small populations, particularly those ZIP codes only partially within SDUSD. Thus 92101 (ranking 3rd) and 92123 (ranking 10th) get swept into the top ten, replacing 92115 (which ranks 11th) and 92117 (ranking 14th) each of which have over one thousand more students receiving free and reduced lunch than the *combined* total of 92101 and 92123.
3. Considering only the number of individuals living below the poverty level is an incomplete measure of financial insecurity for two reasons: 1) poverty rates are measured on a ZIP code-wide basis whereas District boundaries may only include a small portion of the ZIP code, and 2) poverty rates disproportionately capture individuals who are not in the workforce such as students and seniors. Thus, 91977 (ranking 9th), 92109 (ranking 8th) and 92122 (ranking 10th) would be included, while 92116, 92117 and 92139 would be out even though the number and density of families receiving FRL is substantially greater.
4. Finally, considering only the percentage of families living below the poverty level fails to include large and highly dense pockets of poverty in otherwise populous ZIP codes. The most glaring omission using only this measure would be 92114, which ranks 2nd in number of children receiving FRL, but 11th in poverty rate. Even more glaring is the example of 92139, which is 30th in poverty rate, but 5th overall in number of students receiving free and reduced lunch. These ZIP codes would be replaced by 92121 and 92122 which rank 31st and 30th, respectively, in FRL density.

The recommended ZIP codes contain over 80% of the children receiving free and reduced lunch within the school district, and account for 64% of the households with incomes below the federal poverty level.