

March 8, 2021

House Committee on Human Services  
Oregon State Legislature  
900 Court Street NE  
Salem, OR 97301

Dear Chair Williams, Vice-Chair Leif, Vice-Chair Ruiz, and Member of the Committee,

I appreciate the opportunity to speak in favor of HB 2551 and the -3 amendment, and in support the Oregon Individual Development Account (IDAs) Initiative, which is a state investment in the financial stability and resilience of our communities across Oregon. My name is Carlos David Garcia, and I am Executive Director at Neighborhood Partnerships (NP). NP has the privilege to serve as contract administrator for the IDA Initiative on behalf of the State. As contract administrator, we raise funds for the Initiative via the IDA tax credit, grant out dollars to providers, and provide technical assistance, financial oversight, compliance for the program and advocate for robust funding for the Initiative to positively impact Oregonians.

IDAs help build hope by creating stronger financial futures for Oregon individuals and families living on low incomes. By providing matched savings opportunities, information about financial systems and coaching that meets people where they are at, IDAs help savers reach their financial goals and build assets. I am thrilled to share with you a little more about how IDAs work, their impact on Oregon families and individuals, and to raise awareness and our support for HB 2551 and the -3 amendment.

IDAs are matched savings accounts. Matched savings boosts the power of a participant's own income and savings, by matching each dollar saved anywhere from 1:1 to 1:5. Part of what's made IDAs so successful has been our strategy of working with trusted local, culturally specific and culturally responsive organizations to pair and leverage this State resource with individualized coaching, financial education, and other local resources in support of savers reaching their financial goals.

As Neighborhood Partnerships, we don't do this work alone. The Initiative offers IDAs through community-based direct service providers statewide. All told, IDAs are offered at over 70 organizations across the State. Whether you live in Portland or Ashland, Oregon City or Baker City, Butte Falls or Klamath Falls, every IDA saver works with a non-profit IDA provider in their area to build a budget, receive coaching, and take several hours of financial education courses before they can access the match on their savings. Our partners work with interested participants in their geographic and cultural communities to determine eligibility, draft a Personal Development Plan, open a IDA account at a local financial institution, and then get started saving and working toward their financial goal. When savers reach their savings goal, the partner disburse the match savers earned to complete the asset purchase and they graduate from the program. The intention behind the program goes beyond giving savers the opportunity to save; IDA partner organizations also make sure to set clients up for success by building their financial capability and skills that they can use for the rest of their lives.

This is evident in the success and impact of the program over the years. More than 3,500 Oregonians are currently saving in IDAs, and more than 15,000 have opened an IDA since the program's creation in 1999. Collectively, IDA savers have saved more than \$28 million of their own money in order to achieve their goals of purchasing their own home, starting a small business, paying for college, or preparing for unforeseen emergencies. It's this asset accumulation that supports a stable financial footing and provides our savers the

security and space they need to look ahead, to plan for the future, and to reach their full potential. The work and impact of the IDA Initiative is especially important right now given the economic uncertainty due to the pandemic. It is critically important that our neighbors continue to have access this resource and help build a bedrock of savings and financial stability to help manage life's up and downs.

Since its inception in 1999, the Oregon IDA Initiative has been funded by a state income tax credit authorized in ORS 315.271. When taxpayers donate to the Initiative, they receive a state tax credit that can be used to offset their Oregon income tax liability. The tax credit mechanism has allowed us to leverage state resources effectively – with a high of 2018, when we sold \$7.5 million of tax credits for \$10.8 million. This was possible because at a 70% IDA tax credit rate we were able to raise \$1.44 of resources for the Initiative with each tax dollar foregone. Between 2012 and 2018 NP had no issue selling out of the IDA tax credit because donating to the IDA Initiative translated into a net financial benefit for donors who were able to claim both a state tax credit and a federal charitable deduction on the full amount of their donation.

In the 2021 session, the Oregon IDA Initiative is faced with the big task of maintaining our funding source, which is the IDA Initiative Tax Credit. This tax credit needs to be renewed every six years. Our tax credit is set to sunset at the beginning of 2022. This legislative agenda to renew the tax credit for IDAs is different from the agenda we had shared with legislators late last year. At that point, we expressed interest in pursuing only General Fund dollars to fund the IDA Initiative because of our difficulty selling tax credits and bringing the IDA Initiative financially whole in 2019, and seeing similar patterns in the fall of 2020. In 2019, we were unable to sell \$2.1 million of \$7.5 million of tax credits due to conditions that made them unmarketable.

As we continued selling tax credits for 2020, we changed the way we marketed tax credits by bringing on additional staff capacity and leveraging the health of the stock market to seek appreciated stock assets. Because of this change in direction, we were able to sell nearly all the \$7.5 million dollars available to us with more than half of tax credits being sold in December alone. We also believe that the constraints on the State budget would prohibit us from being able to secure enough General Fund dollars to continue serving as many IDA savers as we would like.

This is why we urge you to support HB 2551 and the -3 amendments to reauthorize the IDA tax credit and incorporate the programmatic changes to the program that will allow more flexibility for IDA savers in utilizing their savings. We have submitted a one-pager that outlines those changes in more detail. In addition to HB 2551, the IDA Initiative requests an appropriations of \$7 million to fund the Initiative through the next biennium. HB 2551 brings together the best parts of several bills introduced this session related to IDAs and includes:

- HB 2551 along with the -3 amendment would reauthorize the IDA Initiative tax credit, which SB 148, a committee bill, intends to do. HB 2551, extend the sunset on the tax credit and maintains the tax credit cap of \$7.5 million a year. Our current tax credit is set to expire on January 1, 2022.
- HB 2551 also contains all of the programmatic changes proposed in SB 82, the bill introduced by OHCS. These changes would allow IDA providers to deliver a more equitable and positive savings experience for IDA savers and include broadening the definitions of emergencies and financial hardships, expanding the maximum savings in a 12-month period from \$3,000 to \$6,000, and adjusting the definition of net worth to omit equity held in one vehicle and one property.

We have no major concerns about either SB 82 or SB 148, however the agency bill SB 82 deviates slightly by not extending the IDA tax credit. SB 148 has a strict relating-to clause, and prevents it from being amended to incorporate needed programmatic changes. HB 2551 simply packages all the needed provisions into one helpful vehicle to be considered before House Revenue and Joint Tax Expenditures. We also support the -3 amendment

which includes the specific language to extend the tax credit for six years, expands the sales window from December 31<sup>st</sup> to April 15<sup>th</sup>, and removes the appropriations language.

Once again, I want to say that I appreciate the work that has gone in to helping the Initiative be successful, and ask for your support in renewing this credit and supporting our general fund request. Thank you for helping us take this next critical step.

A handwritten signature in black ink, appearing to read 'CDG' with a horizontal line extending from the end.

Carlos David Garcia  
Executive Director, Neighborhood Partnerships

# What are IDAs?

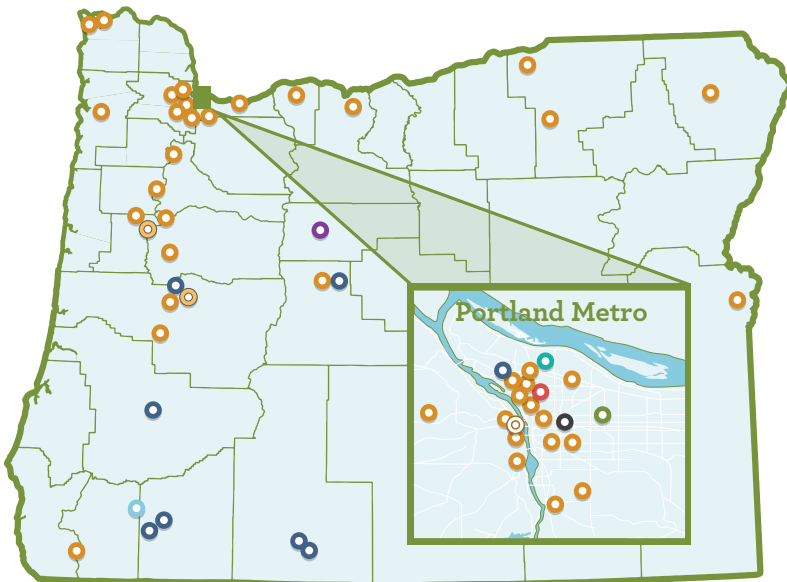


Individual Development Accounts, or IDAs, are matched savings accounts that change the financial futures of qualifying Oregonians with lower incomes. Participants build financial skills such as budgeting and saving while they save towards a defined goal, and for every dollar they save the Initiative typically matches three dollars.

- ▶ **More than 15,000 Oregon residents have saved in IDAs**
- ▶ **IDAs have been opened in 35 of Oregon's 36 counties**
- ▶ **Collectively, IDA participants have saved more than \$28 million**
- ▶ **All participants are provided financial education and support to build their financial capability and successfully reach their goals**
- ▶ **\$47 million in matching funds have been distributed to approximately 9,000 savers for asset investments**
- ▶ **More than 3,500 people are currently saving**



## IDA Provider Map



- College Dreams
- CASA of Oregon network (Community and Shelter Assistance Corp)
- DevNW
- Immigrant and Refugee Community Organization
- Mercy Corps Northwest
- Micro Enterprise Services of Oregon
- The Native American Youth and Family Center
- NeighborWorks Umpqua Network
- Portland Housing Center
- Warm Springs Community Action Team

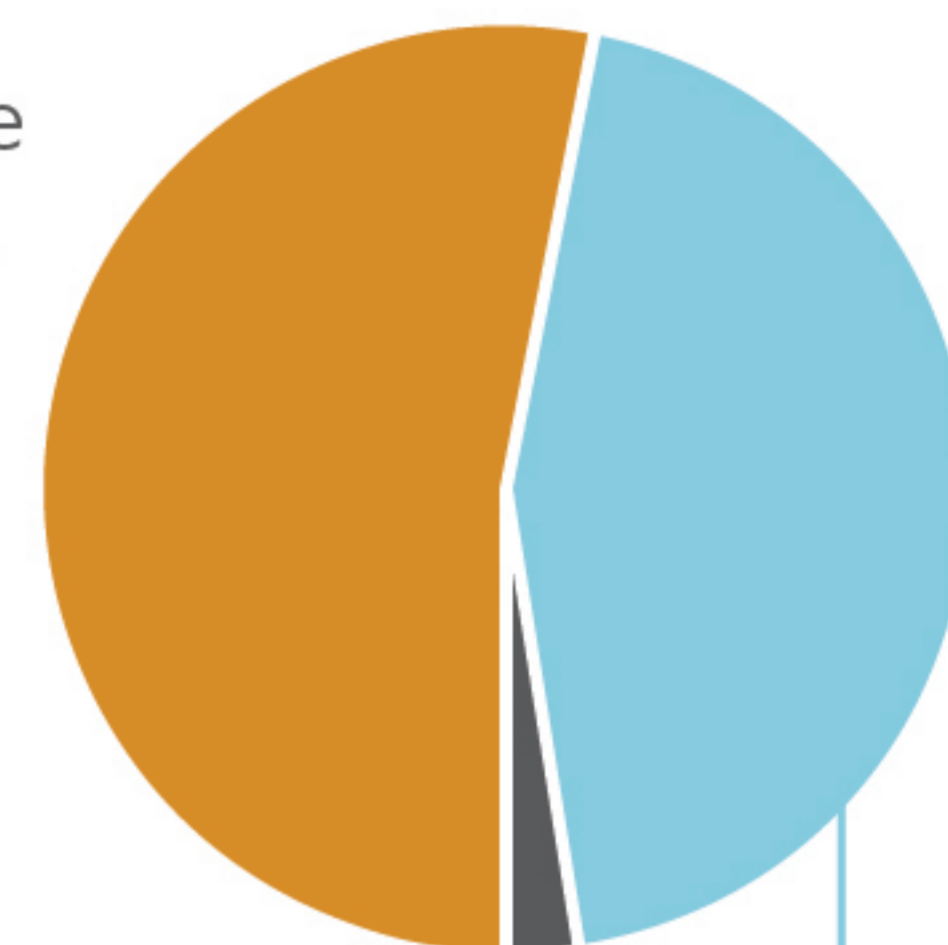
# 2020 Evaluation Findings

## With IDAs, Oregonians with low incomes can stabilize their financial lives and rebuild after COVID.

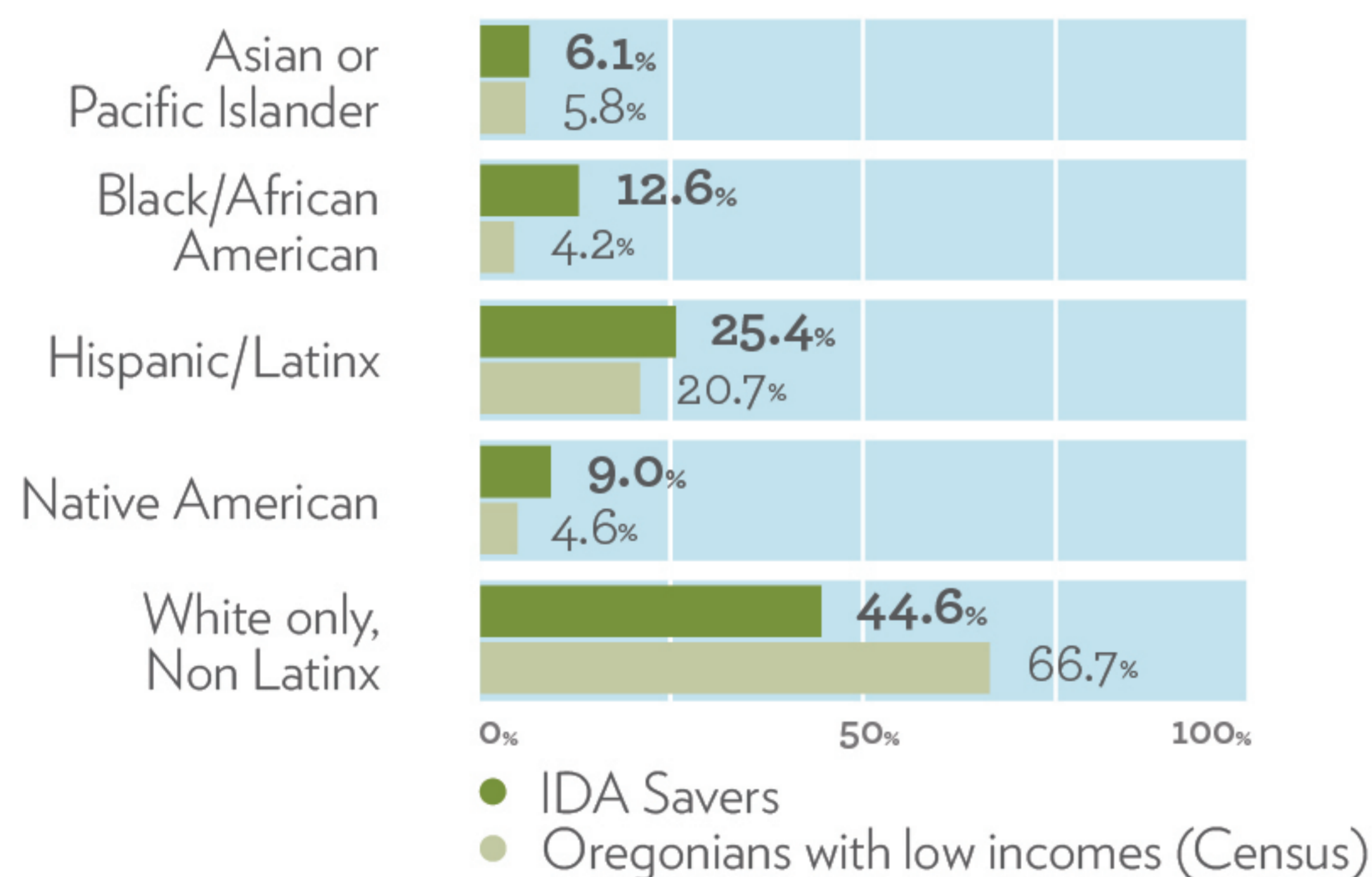
The Oregon IDA Initiative's culturally specific and culturally responsive providers deliver needed economic opportunities to build wealth among communities of color and contribute to a more just future for all of Oregon.<sup>i</sup>

More than half of savers are from communities of color.

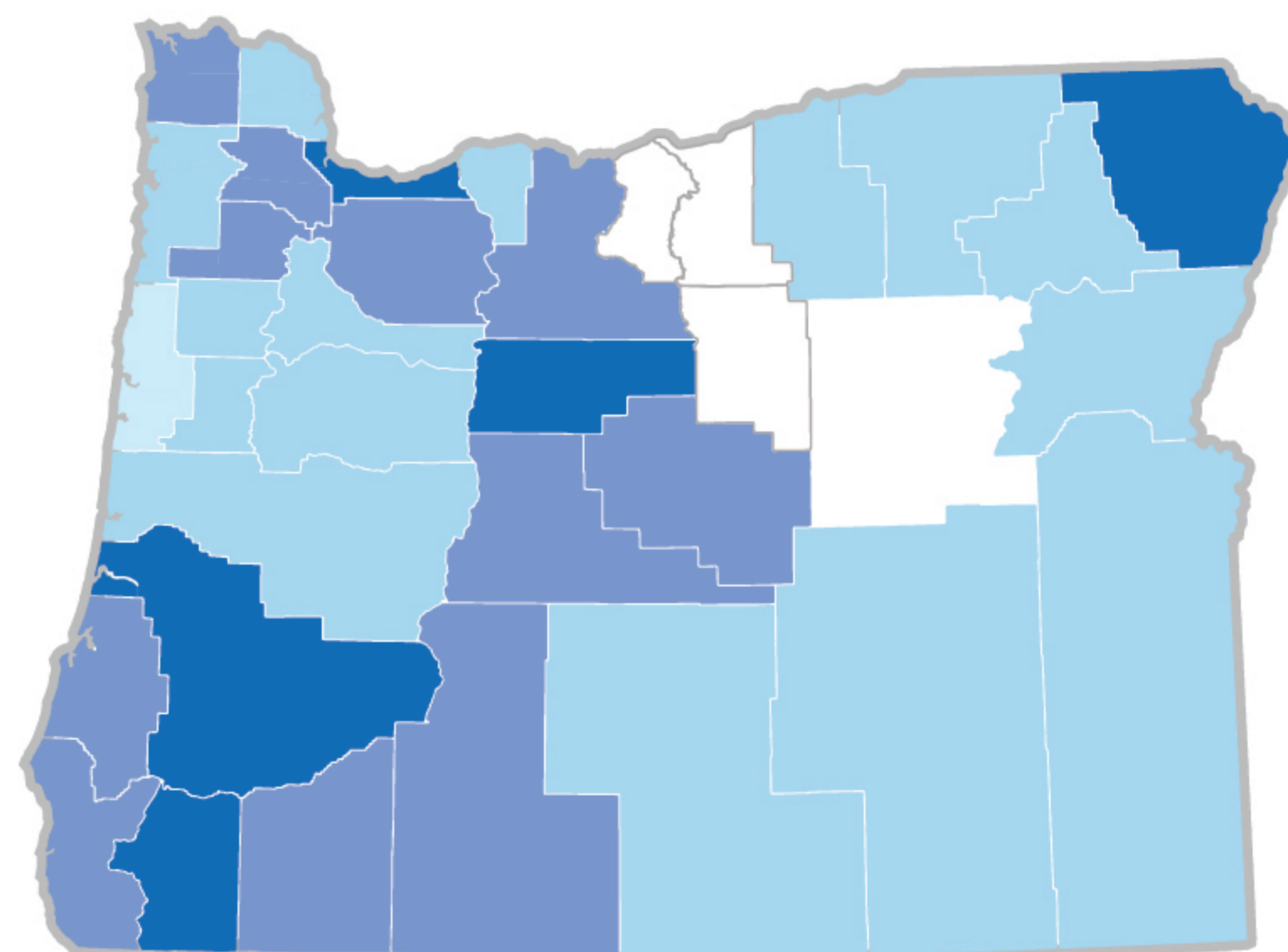
- IDA savers who are Black, Indigenous, or People of Color
- IDA savers who are White only, Non Latinx
- IDA savers with race unknown



The IDA Initiative reaches people of color at rates that are equal to or greater than their proportion of Oregonians with low incomes.



## The IDA Initiative's statewide network of providers reaches urban and rural communities.



- 5 or more IDAs per 1000 residents living on low incomes
- 3-4 IDAs per 1000 residents living on low incomes
- 1-2 IDAs per 1000 residents living on low incomes
- Less than 1 IDA per 1000 residents living on low incomes
- 0 IDAs opened in the last three years

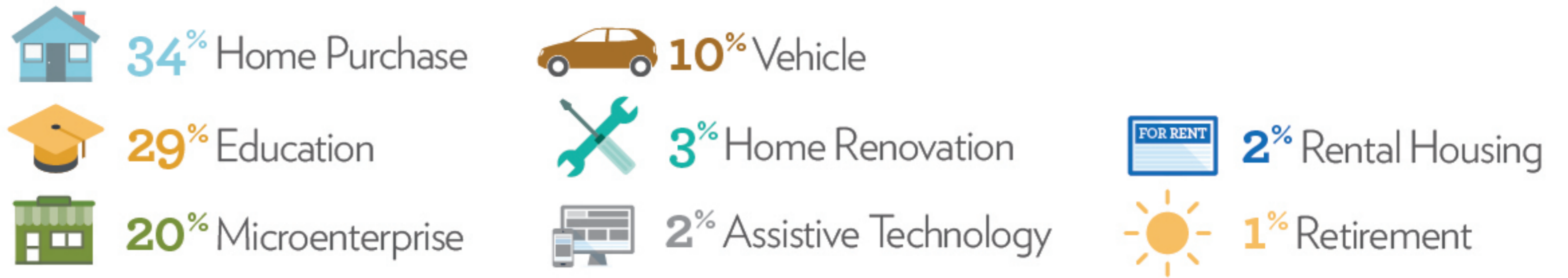
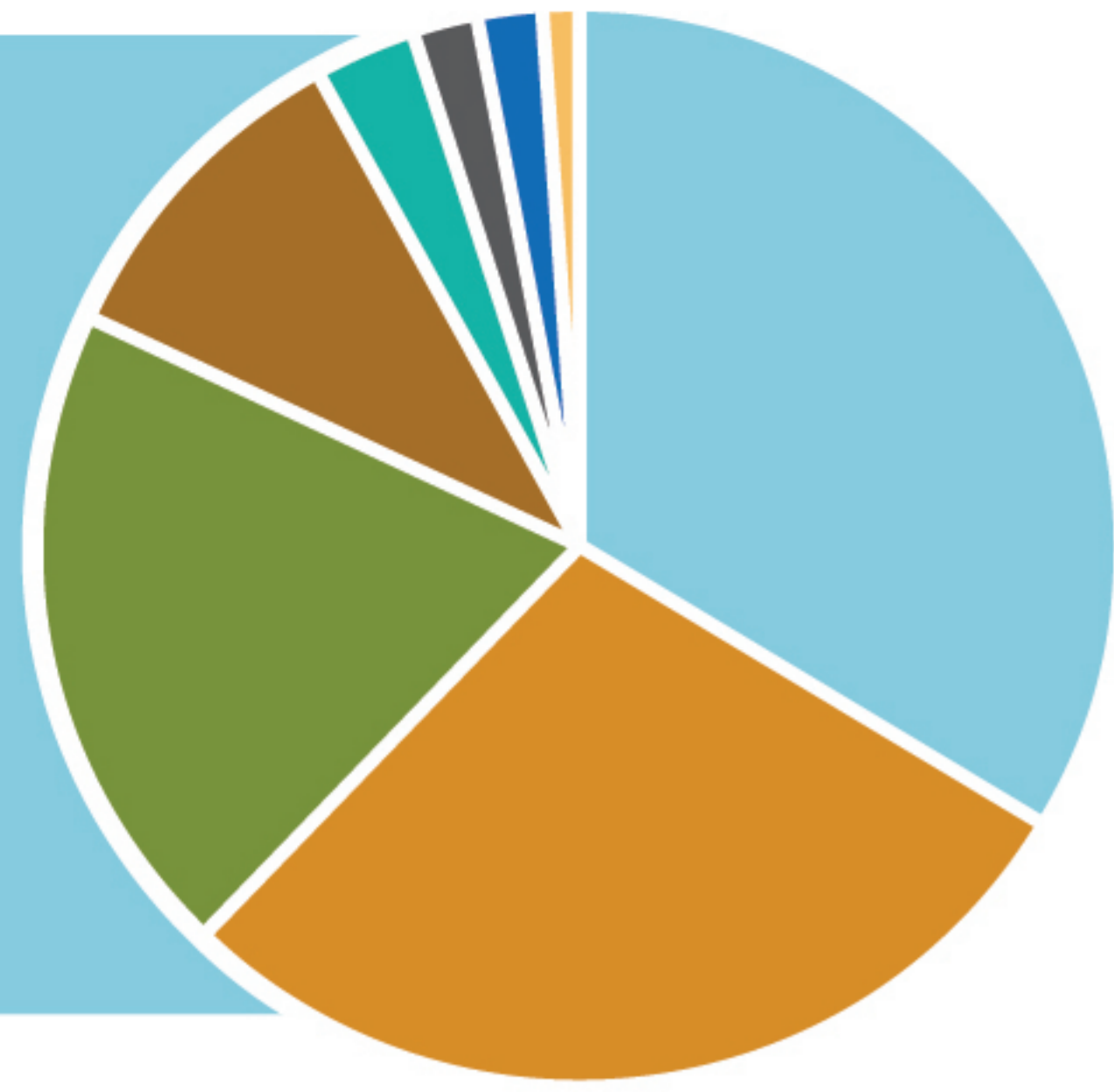
“It made it real for me. It helped with stability—I made that [IDA] deposit every month for 3 years. I kept all my deposit receipts, I feel so great about that...For me this house represents a place of healing.”

**Cheranda Curtis,**  
of Portland



<sup>i</sup> Task Force on Addressing Racial Disparities in Home Ownership (2019); Reimagine Oregon (2020); Urban League of Portland (2015).

# IDA participants plan and save for a variety of asset-building goals that provide on-ramps to financial stability.

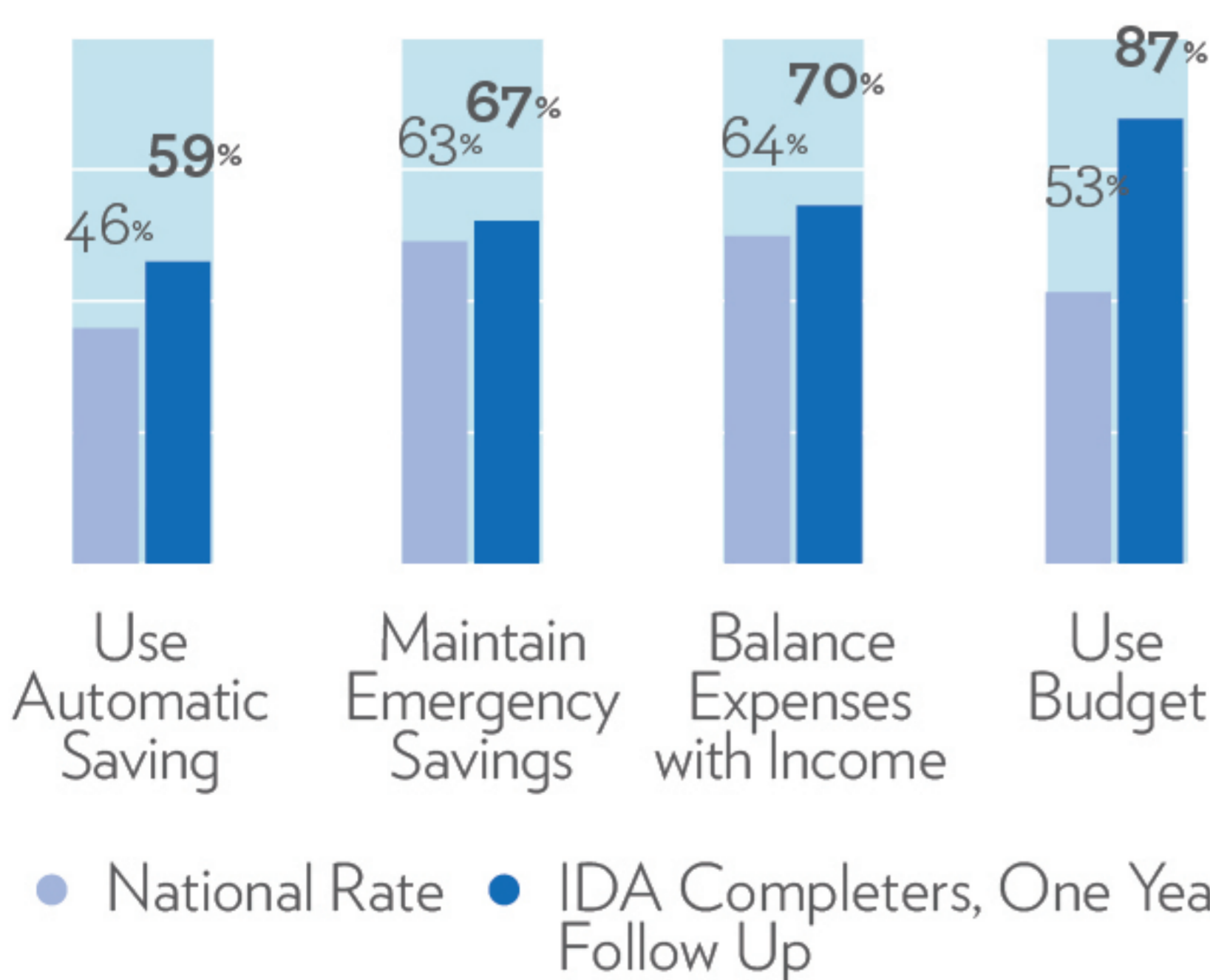


## 77% of savers rated the individualized coaching they accessed as significantly helpful.

- Improved service integration
- Increased connections to banks and credit unions
- Increased confidence and sense of control

## IDA savers demonstrate improved financial capabilities.

Savers' financial capabilities exceed national rates when assessed a year or more after completing their IDA, and lead to increased resilience in tough economic times.<sup>ii</sup>



"[The IDA Coordinator] sat down with me, we worked through a budget where I would be able to afford the monthly deposit [into the IDA]. She helped with a roadmap of where I needed to be financially, in order to be successful when school started. But also, she and the ACCESS staff are so connected with resources. She would help me in ways that I didn't know were even possible. This program and partnership is an amazing opportunity to help change people's lives and I am truly grateful to have been a part of it!"

**Chrysteen Hutchins, of Medford**



## With increased financial tools and resources, IDA savers' assets bring a home to depend on, create jobs, and increase earned income.

IDA savers' assets generate inclusive growth and economic returns for Oregon's communities.<sup>iii</sup>

- 97%** of home buyers make all mortgage payments in the year after purchase
- 91%** of IDA-supported businesses continue to operate one year after IDA completion
- 79%** of IDA education completers have earned a degree or are still enrolled in postsecondary education, 2 years after IDA completion

<sup>ii</sup> Brockland, Garon, Dunn, Wilson & Celik (2019). <sup>iii</sup> Herbert, McCue & Sanchez-Moyano (2013); Emrath (2009); Jha & Depoo (2017); Hout (2012).

Managed by Neighborhood Partnerships, the 30-year-old, 501(c)(3) nonprofit partner of the State of Oregon.

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Carlos David García, 541-908-5365, cgarcia@neighborhoodpartnerships.org

Neighborhood Partnerships



## The Oregon Individual Development Account (IDA)

IDAs are **matched savings accounts** that improve the financial future of Oregonians with lower incomes. In addition to matched savings, IDAs help build hope and stability by providing information about financial systems and coaching that supports their unique financial goals.

The IDA Initiative is currently funded by the Oregon IDA Tax Credit. Contributors may receive up to a 90% tax credit on their Oregon state returns for contributions made. That means the Initiative earns \$1 for every \$0.90 in tax credits. The IDA Initiative has proven to be a **life-changing experience** for savers to expand their economic outlook, secure their financial stability, and open doors to homeownership, higher education, enterprise, and other opportunities.

IDAs are well-suited to prevent families from falling behind, and to help them move forward as recovery begins.

During this year of financial uncertainty, IDA savers have been able to tap into their savings as a way to stay afloat during the pandemic, or have life-saving funds if they were affected by the 2020 wildfire season in Oregon. Our data shows that IDAs serve Oregonians who will be hardest hit by the financial hardships of COVID-19. Through our network of community based partners in all parts of the state, IDAs reach economically vulnerable Oregonians with extremely low incomes, urban and rural Oregonians, and Oregonians of all races and ethnicities in order to provide the means to fortify families during any crisis and set people up to thrive.

### The IDA Initiative urges the passage of HB 2551 in the 2021 session:

- Reauthorize the IDA Initiative Tax Credit, and maintain the current tax credit cap of \$7.5 million/year.
- Several **smaller programmatic changes** to allow IDA providers to deliver a more equitable and positive saving experience for IDA account holders:
  - Increase the allowable maximum matching funds in a 12-month period from \$3,000 to \$6,000;
  - Broaden the purpose of the IDA program to promote “the financial stability and resilience of lower income households;”
  - Broaden allowable assistive technology and IDA account holder can save towards, which would allow the saver to increase their independence;
  - Broaden allowable debts IDA account holders use their savings to pay down; and
  - Clarify language to allow IDA savers to withdraw savings for any financial hardship as determined by the account holder.
- In addition to HB 2551, the IDA Initiative requests an appropriation of **\$7 million** to fund the Initiative through the next biennium.

**Oregon Individual Development Account Initiative-** [www.oregonidainitiative.org](http://www.oregonidainitiative.org)  
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and Loren Naldoza, [lnaldoza@neighborhoodpartnerships.org](mailto:lnaldoza@neighborhoodpartnerships.org), 503-266-3001 x107

HB 2551 is currently sponsored by Representatives Leif, Lively, Neron, Nosse, Owens, Pham, Reynolds, Schouten, Smith, Wilde, Witt, and Zika

HB 2551 is endorsed by the following organizations

Adelante Mujeres  
 Aging in the Gorge Alliance  
 Bradley Angle  
 CASA of Oregon  
 Central Oregon Regional Housing Authority  
 Coalition of Communities of Color  
 The Children's Agenda  
 Community Connection of Northeast Oregon, Inc.  
 Consejo Hispano  
 Credit Builders Alliance  
 DevNW  
 Families Forward  
 Food Roots  
 Habitat for Humanity of Oregon  
 Hacienda CDC  
 Hail Snail  
 Hispanic Metropolitan Chamber  
 Immigrant and Refugee Community Organization (IRCO)  
 Linn-Benton Housing Authority  
 Mercy Corps Northwest  
 Metropolitan Family Services

Northeast Oregon Economic Development District  
 Neighborhood Partnerships  
 NeighborImpact  
 Northwest Credit Union Association (NWCUA)  
 Northwest Housing Alternatives  
 Open Door HousingWorks  
 Oregon Abuse Advocates and Survivors in Service  
 Oregon Alliance of Independent Colleges and Universities  
 Oregon Economic Development Association  
 Oregon Housing Alliance  
 Oregon Realtors Association  
 Point West Credit Union  
 Project Youth+  
 Proud Ground  
 Reach CDC  
 South Central Oregon Economic Development District  
 Stumped Town Dementia  
 Umatilla Morrow Head Start  
 Umpqua Bank  
 Warriors of the Sea



Updated March 3, 2021

**FamiliesForward**  
 Fostering Partnerships, Creating Opportunities

BRADLEY ANGLE