

Irene Gomez Hernandez Testimony

Re: Individual Development Accounts (IDAs)

Co-Chairs Lieber and Sanchez and Members of the Joint Committee on Ways and Means:

I am writing on behalf of Mt. Hood Community College I am Irene Gomez Hernandez to urge you to “Fix the Funding” for Individual Development Accounts (IDAs). Without your action this year, this life-changing program will shrink by 50% and will enroll fewer than 500 Oregonians per year going forward.

In 1999 the Legislature created IDAs and established a state tax credit to fund them. This matched-savings program provides participants with education and individualized support to reach their financial goals, including homeownership, home repair, higher education, purchasing a vehicle, starting a business, and retirement. The state matches participants’ own savings up to 5-to-1 to make their dreams a reality. Over 19,000 Oregonians have participated in this program over the past 25 years.

The Individual Development Accounts (IDAs) program was a fundamental part of my academic journey, providing the support and guidance I needed to achieve my educational goals. Through this program, I was able to pursue higher education without the overwhelming burden of student debt, allowing me to focus on my studies and career aspirations. With the help of the IDAs savings program, I earned an associate’s degree in Business Administration from Mt. Hood Community College. After completing my associate’s degree, I transferred to Portland State University to further my education in Human Resource Management. The mentorship and resources available through the program played a crucial role in my ability to adapt to a new academic environment and excel in my studies. One of the most impactful aspects of the IDAs program was its ability to help me complete my four-year degree entirely debt-free. Unlike many students who face the pressure of student loans and financial insecurity upon graduation, I was able to complete my education without accumulating debt. I am incredibly grateful for the opportunities the IDAs program provided. The combination of financial assistance, mentorship, and strategic savings guidance made my academic success possible. Without this support, achieving a higher education degree without financial strain would have been a far greater challenge. The IDAs program not only helped me succeed academically but also set me on a path toward a stable and fulfilling career. I hope that programs like this continue to support students in their educational journeys, allowing them to reach their full potential without the burden of financial hardship.

The future of IDAs is at risk, because the tax credit that funds them has not kept pace with inflation. While the credit has been capped at \$7.5M per year since 2009, the cost of everything that IDA participants save for has increased dramatically – especially IDA savers' two most common goals: homeownership and higher education. Compared with 15 years ago, each saver needs more funds from the program in order to be successful, yet the total funding has remained stagnant.

There are two funding options available to you in the 2025 session: HB 2735 raises the cap on the existing tax credit, from \$7.5M to \$16.5M, in order to fully fund the program. Or, HB 3809 dedicates revenue from the state lottery to supplement the existing \$7.5M tax credit. Either option would return the IDA program to solid financial footing. Please incorporate one of these options into the 2025-2027 state budget and Fix the Funding for IDAs.

Sincerely,
Irene Gomez Hernandez
Mt. Hood Community College