April 21, 2025

Members of the House Committee on Revenue,

My name is Amy Stuczynski, and I am the Manager of Data & Evaluation at Neighborhood Partnerships. Thank you for this opportunity to speak in support of HB 2735 A. I'd like to share a little about how we manage the funds and statewide network that makes up the IDA Initiative, and the outcomes we achieve.

Neighborhood Partnerships, a statewide nonprofit organization, manages donations to the IDA Initiative Fund. With the revenue from these donations, Neighborhood Partnerships administers the IDA program, which includes the matching funds which go out to savers all across the state. In exchange for donations, donors receive a state income tax credit. Statute has capped those credits at $7.5M since 2009. HB 2735 A would raise that cap to $16.5M, in order to catch-up with 15 years of inflation and the rising cost of buying a home, higher education, and the other assets for which IDA participants are saving.

We operate under the oversight of Oregon Housing and Community Services and the Department of Revenue with several accountability mechanisms in place. We provide monthly financial reports to OHCS, which include tracking of funds raised, funds paid out, and investment portfolio. With these reports we seek monthly approval from OHCS to transfer funds from the IDA accounts we hold to Neighborhood Partnerships. Comprehensive financial reporting is also included in our annual report on the Initiative to OHCS.

Our stewardship of the state resources we receive - in the form of donations - is guided by a conservative funds investment policy that is annually updated and reviewed by OHCS. Interest earned on investments is paid to provider organizations in proportion to the funds held by Neighborhood Partnerships on their behalf. The remaining interest earned on investments is invested back into the IDA Initiative.

Neighborhood Partnerships also reports donor data to the Oregon Department of Revenue, which allows donor taxpayers to claim the credit.

In terms of administering the statewide network, Neighborhood Partnerships directly funds eleven organizations for IDA provision (which we refer to as Fiduciary Organizations). OHCS approves Neighborhood Partnerships' grant funding to provider organizations from IDA accounts. These organizations provide direct service to IDA savers, and work with additional local nonprofits, educational institutions, or human services partners, creating a network of more than 60 IDA providers across the state.

These 60-plus organizations have staff and expertise built up to support savers in their local communities. Due to this network, IDA savers can be found in rural and urban communities in every legislative district in the state. But it will be harder and harder to maintain a statewide reach under our current level of funding.

Community-based IDA providers work alongside qualifying Oregon households to address financial barriers, and offer community-based support, information about financial systems, and matching cash to individuals and families pursuing financial goals. IDAs are a financial resource that strengthens the integrated services and community-based initiatives provided by the organizations, resulting in better financial stability and wellbeing for individuals and the community.

For example, NeighborWorks Umpqua's Child Care Business Development program provides aspiring home-based child care entrepreneurs with information on business management, childcare licensing, and curriculum planning.

When participants are able to also save in an IDA, they establish the seed funds necessary purchase the equipment and materials necessary to launch a thriving childcare business.

To qualify for an IDA, an Oregon household's net worth must be less than $20,000, excluding a residence, one vehicle, and $120,000 in retirement savings. Income must be under certain thresholds: less than 80% of the area median income, 80% of the state median income, or 200% of the poverty level, whichever threshold is greater. Among participants who enrolled in 2022 and 2023, 90% have household incomes below $63,000.

In our administration, Neighborhood Partnerships conducts biannual performance and fiscal reviews of the eleven Fiduciary Organizations, and provides ongoing technical assistance. Providers complete fiscal reports quarterly, tracking funds disbursed and cash held. And an annual bank reconciliation process provides further documentation of sound accounting practices.

Over the last decade, $29 million saved by IDA participants has been matched by $72 million from the state.

Data shows that even in the face of increasing costs of living, Oregonians with IDAs experience improved financial capabilities and long-term stability.

With more tools to navigate financial systems and predatory practices, savers demonstrate financial capabilities that exceed national rates when assessed a year after completing their IDA. These include balancing expenses with income, maintaining good credit, and developing preparedness for financial emergencies.

We know that the assets savers invest in bring returns to the state not only in the form of improved financial stability, but also in increased economic activity and an increased tax base. A 2023 estimate from the National Association of Realtors, suggests that each home sale in Oregon generates approximately $158,000 in economic activity, on average. In another example from the Lumina Foundation (Trostel, 2015), bachelor's degree holders contribute $273,000 more in taxes over their lifetimes than high school graduates.

With this tool, IDA savers utilizing housing assistance invest in a first home, first generation students complete degrees with minimal to zero debt. Savers investing in their business or securing a reliable vehicle protect their employment and increase their earnings.

With investments in an IDA system, Oregon creates access, resources, and opportunities that increase prosperity in our communities. Please Fix the Funding by voting yes on HB 2735 A.

Respectfully submitted,

Amy Stuczynski