

Re: Support for Individual Development Accounts in SB 120 -1

Dear Co-Chair Nathanson, Co-Chair Meek, and Members of the Joint Committee on Tax Expenditures:

On behalf of Home Forward's GOALS Program, please raise the cap on the tax credit that funds Individual Development Accounts (IDAs) to at least \$14M, through SB 120 -1.

The Legislature created Individual Development Accounts in 1999. 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 life-changing program over the past 25 years – spanning every House and Senate district in the state.

Home Forward's GOALS program offers IDA accounts to participants in our HUD funded Family Self Sufficiency program. This offers our families a unique asset development opportunity that pairs extremely well with the coaching and support we provide to housing assistance recipients who are working to improve their family's financial wellness. We have families and individuals utilize their IDA accounts to become first-time homeowners in the Portland metro area, purchase vehicles to provide transportation for their children to school and afterschool activities and to further their small businesses. Without this critical funding, current and future participants would not be able to achieve the level of success and financial independence that our graduates have achieved.

The tax credit that funds IDAs 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. Each saver needs more funds from the program in order to be successful, yet tax credit revenue has remained stagnant, prompting the Legislature to provide supplemental investments from the general fund in each of the past three budget cycles. An updated \$14M tax credit cap will allow the IDA program to enroll 1,750 new participants each biennium going forward – close to the program's established service level of 2,000 new savers per biennium. (If the Legislature takes *no* action on IDA funding this year, the program will shrink much further, to enroll only 1,000 people per biennium.)

By raising the IDA tax credit cap to at least \$14M through SB 120, the Legislature can return the IDA program to solid financial footing. I urge you to include IDAs in this bill.

Sincerely,

Shaun Cox
Home Forward