

House Committee on Business and Labor
February 10, 2014
Hearing on House Bill 4079

Chair Doherty, Members of the Committee:

I am writing to express support for the goal behind HB 4079, which is to increase access to safe savings incentives for Oregonians, and to support the development of savings habits.

Neighborhood Partnerships is a statewide organization whose mission is to create opportunity for Oregonians with low incomes. We are a partner of the national organization Corporation for Enterprise Development (CFED), which each year publishes a ranking of states' progress in building the financial resilience of their residents, as well as a policy guidebook. CFED strongly recommends the adoption of "prize linked savings" programs such as that represented in HB 4079, as a creative way to encourage and nurture savings behaviors. The most recent Scorecard for Oregon, just published on January 30th 2014, is here: <http://scorecard.assetsandopportunity.org/2014/state/or>

Today, we know that too many Oregonians aren't saving enough, for emergencies, for life goals, and for retirement. More than one in three Oregon households is liquid asset poor, meaning that they could not manage to maintain life above the poverty level for three months if their income was interrupted. This leaves our residents and our communities vulnerable.

There are things we can do – even modest savings put away each month will help. At Neighborhood Partnerships, we help manage the Oregon Individual Development Account Initiative, which helps low income Oregonians save for the purchase of assets. Through our experience with this effort we know even savings of as little as \$25 a month can make a big difference in helping people cope with life's unexpected emergencies and make ends meet during retirement.

Our experience also proves that with the right tools, Oregonians with low incomes can save for their future. The Oregon IDA Initiative is a matched savings program which helps people save for the purchase of a home, a small business, or education, and provides them with financial education to help them meet their goals. Our external evaluation conducted by Portland State University shows that upon exit from the program two-thirds of participants have developed strong habits of savings and over 70% are keeping a budget to manage expenses. A significant percentage of participants continue to use a budget and save for the future a year after completing the program. With the right combinations of support and opportunity, people with very low incomes can be successful savers. "Prize linked savings" type programs are one such tool.

We urge your careful consideration of HB 4079. Thank you for your thoughtfulness, and for your service to our state.

Sincerely,



Janet Byrd, Executive Director