



Action needed in 2020 session

**Invest in the vitality of Oregon communities --
Keep the Oregon IDA Initiative strong**

The Oregon Individual Development Account (IDA) Initiative helps build hope by creating stronger financial futures for Oregon individuals and families with low incomes. Its flexibility supports the unique approaches of culturally specific, rural, and urban partners as they work with individuals and families to buy homes, get an education, start small businesses, and reach other goals. It is a key part of the proposal by the Legislature's Task Force to Address Racial Disparities in Home Ownership.

Because of changes in federal tax law and IRS code that affect state tax credits like the one that funds the IDA Initiative, the Initiative is facing significant funding shortfalls. In spite of action in 2019 (HB 2164) the shortfalls from the Initiative's 2018 budget of \$10.8 million are at least \$2 million in 2019 and \$2.5 million in 2020, plus unsold 2019 tax credits totaling \$2.6 million.

We need action in the 2020 session to keep the IDA Initiative working in Oregon. We cannot afford to lose one of the few tools we have that strengthens families and communities as it invests in the long term financial security of people with lower incomes.

Action in 2020 must take several forms:

☐ To address shortfalls in the 2019-2021 biennium:

- **General Fund Allocation – one time investment until tax credit review / renewal in 2021**

Demand for IDAs overwhelms resources in all parts of the state. We need at least \$4.5 million in one-time resources to keep the Initiative whole through the 2019-2021 biennium. This is in addition to the boost to IDAs that is part of the Task Force request.

- **In addition, convert unsold 2019 tax credit authority to General Fund allocation**
\$2,603,463 of IDA tax credit authority was not sold, because changes in IRS regulations made the credits unattractive at a 90% on the dollar rate. This should be converted to a General Fund allocation.

☐ For future years, make changes to the tax credit to keep the Initiative strong. Either change the tax credit, *or* convert to a General Fund appropriation.

- **Tax credit changes:**
 - Adjust tax credit percentage to 100% to ensure that the tax credits sell.
 - Adjust marketing year to run until April 15th after the calendar year end [SB 459 (2019) did this for the HECC and Film and Video Credits].

OR

- **General Fund appropriation** – eliminate the tax credit funding mechanism, and fund the Initiative at \$11 million per year or higher

Oregon Individual Development Account Initiative

www.oregonidainitiative.org contact Janet Byrd, jbyrd@neighborhoodpartnerships.org, 503-516-4698

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.

How does the IDA Initiative work?

The Oregon IDA Initiative is in all corners of the state. Thanks to a large network of Initiative Partners who work in their communities, private, nonprofit, and public organizations reach individuals and families who use IDAs to transform their lives.

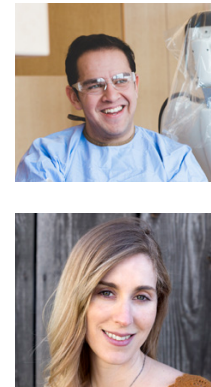
Savings are invested in purchasing a home, fulfilling educational goals, developing a small business, or pursuing another approved asset.

When people have savings, strong financial habits, and assets to fall back on in lean times, they are able to navigate life's bumps and stabilize. Moreover, these assets provide people the security and opportunity to pursue their goals, advance, and reach their full potential. Since 2008:











- ▶ **More than 13,000 Oregon residents have saved in IDAs**
- ▶ **IDAs have been opened in 35 of Oregon's 36 counties**
- ▶ **Collectively, IDA participants have saved more than \$23 million**
- ▶ **All participants are provided financial education and support to build their financial capability and successfully reach their goals**
- ▶ **\$37 million in matching funds have been distributed to approximately 7,000 savers for asset investments**
- ▶ **More than 3,000 people are currently saving**

Contact **Hannah Waterman** for more information
hwatman@neighborhoodpartnerships.org, 503-226-3001 x107

The Oregon IDA Initiative is managed by Neighborhood Partnerships, the 29-year-old, 501(c)(3) nonprofit partner of the State of Oregon.



IDA Uses

-  Home Purchase
-  Education
-  Small Business
-  Vehicle
-  Retirement
-  Home Repair Or Replacement
-  Assistive Technology
-  Rental*
-  Credit Building*
-  Credit Repair*

*These goals have additional requirements

How is the Oregon IDA Initiative funded?

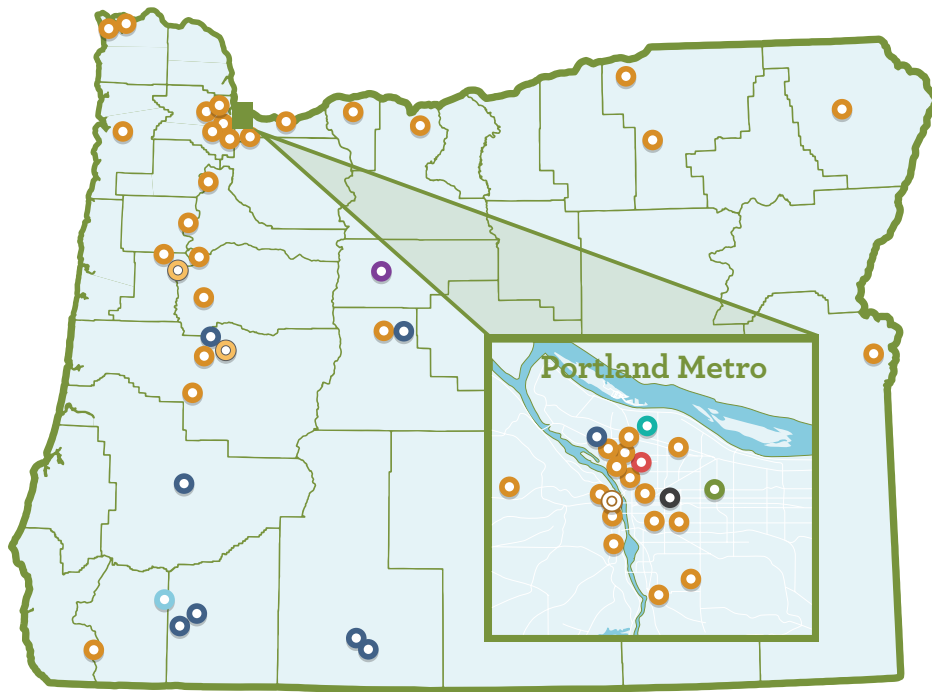


The Oregon IDA Initiative is funded by the Oregon IDA Tax Credit (ORS 315.271). Oregon contributors may receive up to a 90% tax credit on their Oregon state returns for contributions made. This means the state gets \$1 of investment for every 90 cents or less that it spends. Oregon IDA contributors come from across Oregon and contribute a wide range of dollar amounts.

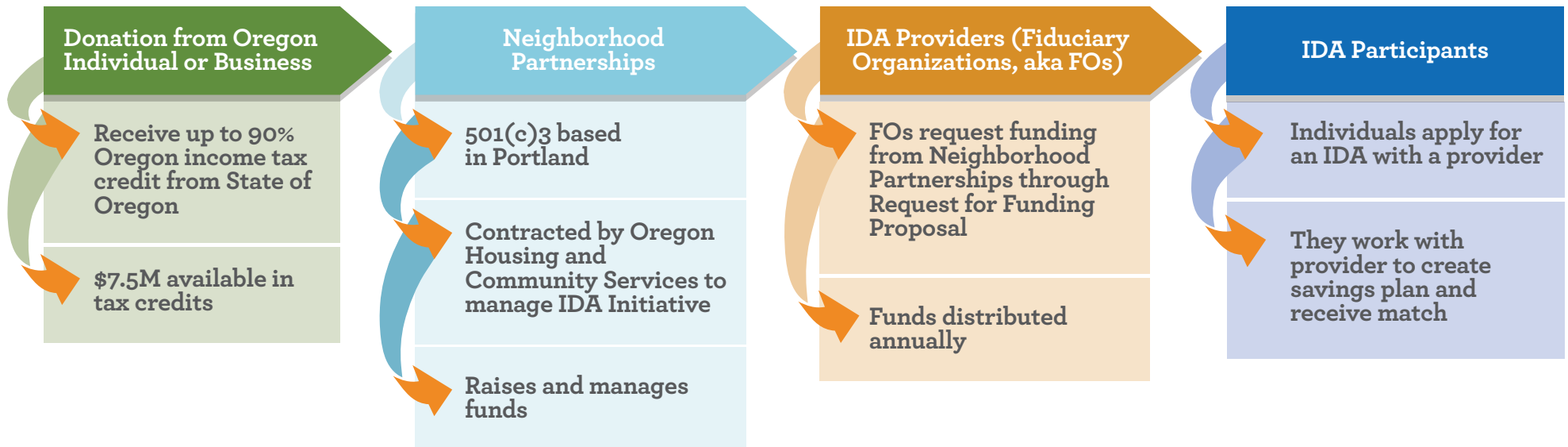
See oregonidainitiative.org for more information

Neighborhood
Partnerships

IDA Provider Map and Flowchart



- College Dreams
- Community and Shelter Assistance Corporation of Oregon (**CASA**) Network
- Immigrant and Refugee Community Organization (**IRCO**)
- Mercy Corps Northwest (**MCNW**)
- Micro Enterprise Services of Oregon (**MESO**)
- The Native American Youth and Family Center (**NAYA**)
- Neighborhood Economic Development Corporation (**NEDCO**)
- NeighborWorks Umpqua (**NWU**) Network
- Portland Housing Center (**PHC**)
- Warm Springs Community Action Team (**WSCAT**)

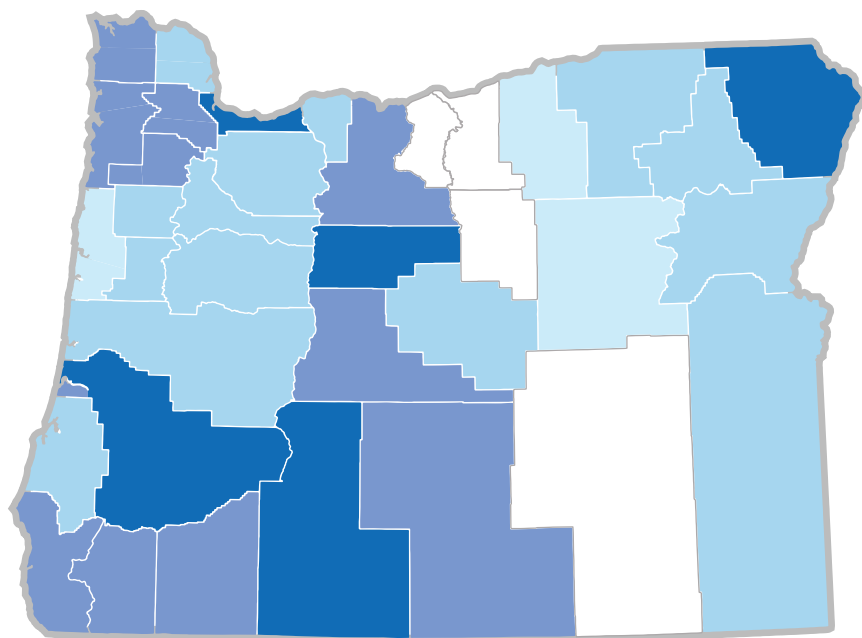


Managed by Neighborhood Partnerships, the 29-year-old, 501(c)(3) nonprofit partner of the State of Oregon.
 Contact: Janet Byrd, 503.226.3001 x103, jbyrd@neighborhoodpartnerships.org



Neighborhood
Partnerships

2017-2018 Program Year Participant Information



IDA savers come from all regions of Oregon.

- 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

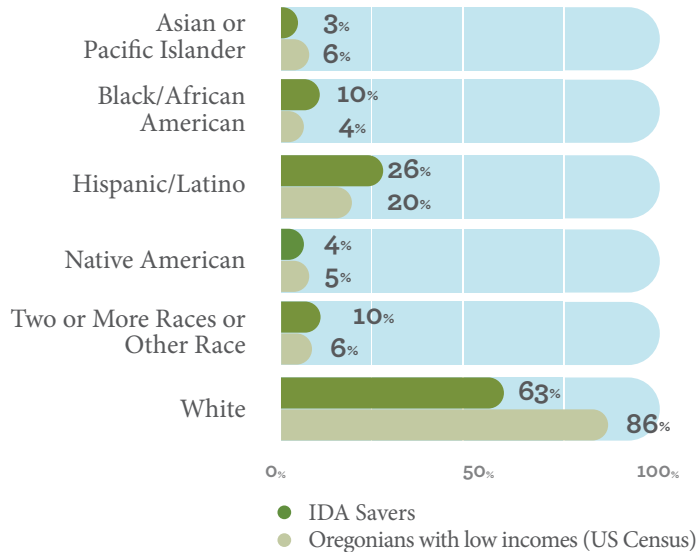
1 in **5** savers (age 25+) have no more than a high school education.



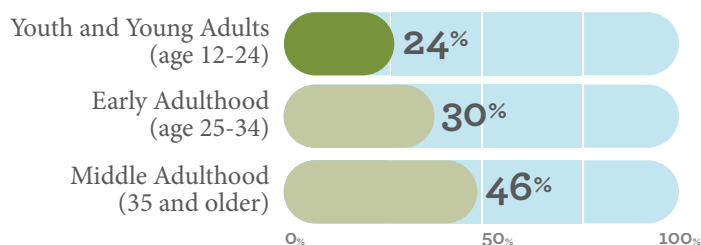
3 in **5** savers are women.



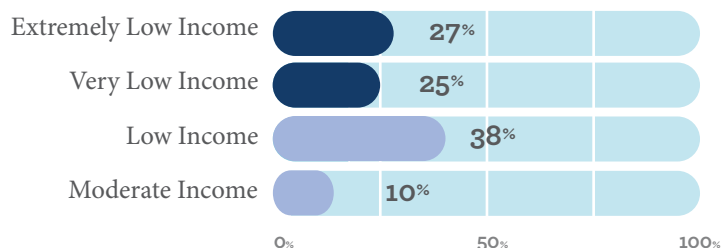
Oregon's communities of color benefit from the IDA Initiative.



Nearly **one quarter** of savers are 24 years old or younger.



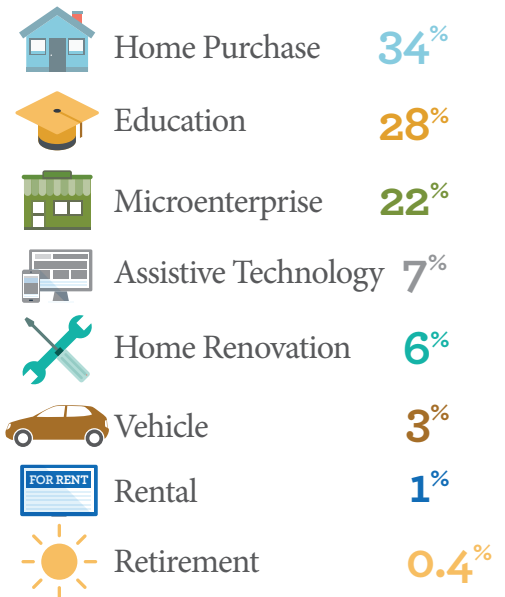
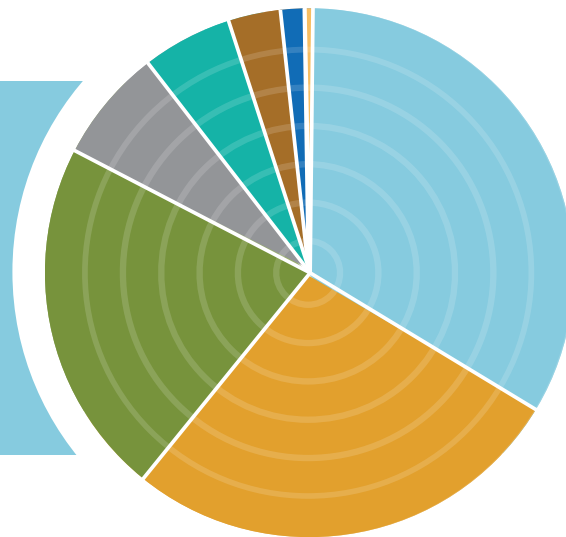
Most savers are living on extremely low or very low household incomes (less than 60% of the area median income).



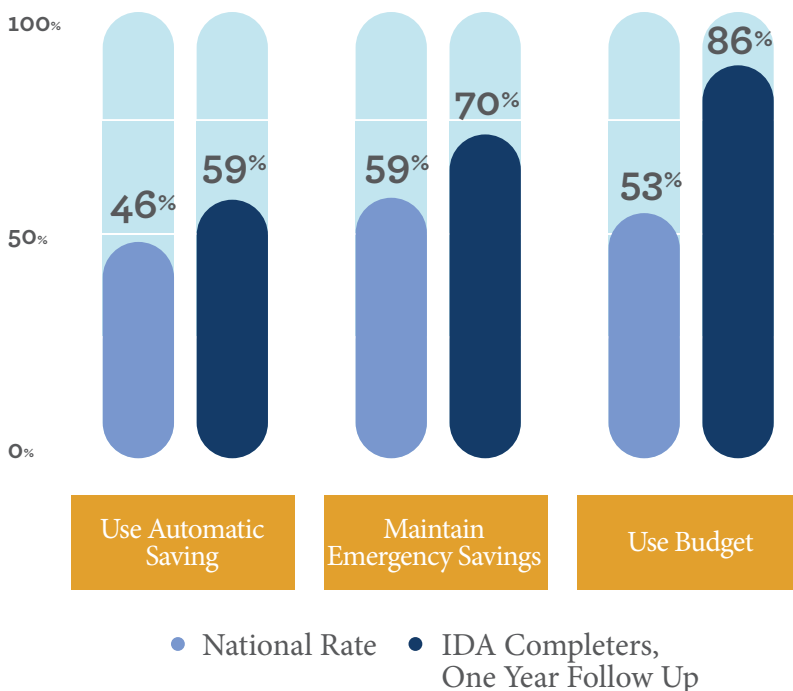
Neighborhood
Partnerships

Through the IDA Initiative, Oregonians are improving their financial resiliency.

IDA participants plan and save for asset-building goals.



IDA completers build strong financial habits.*



*According to The Center for Financial Services Innovation, beneficial financial habits can improve financial well-being, even if income stays the same. Households who have a planned savings habit are four times as likely to be financially healthy as those who do not. National rates are from the Federal Reserve Board, May 2018.

“It was being given the tools, but most important for me, it was teaching me how to apply tools I learned in the classes. It gave me an opportunity to actually make it happen...The possibilities are endless now.”

Charmaine Reddix, homeowner in Portland

“Going through the IDA and saving the money has forced me to think more like a business owner. Had it not been for the IDA process I would’ve never had a business plan. I would’ve just kept making decisions without any kind of proof behind it...It’s helped me realize that it’s not something that’s above me and there are people out there to help me when I need it.”

Kathleen Dickson, owner of OtterBees in Brookings