



June 22, 2020

Joint Committee on the First Special Session of 2020

Via email: J1SS.exhibits@oregonlegislature.gov

Dear Co-Chair Kotek, Co-Chair Courtney, Co-Vice Chair Girod, Co-Vice Chair Drazan and Members of the Committee,

Thank you for your leadership during these very challenging times. We appreciate the opportunity to submit testimony, asking for your support of three statutory changes that will provide necessary flexibility for Individual Development Account savers to better meet their needs during the Coronavirus pandemic.

Hacienda CDC is a Latino Community Development Corporation. We facilitate IDA's for individuals on the path to homeownership and for entrepreneurs working to start small businesses. We know first hand that these changes will make an immediate difference.

The three statutory changes are:

1. Add an additional category to the list of acceptable use of matching funds, as dedfined in **ORS 458.685**: "Establishing emergency savings or meeting critical financial needs during a period of serious financial hardship (such as unemployment, medical leave, economic downturn) to promote financial stability and protect existing assets."

This will allow IDA Initiative providers including Hacienda to better support clients who have been actively saving towards a life goal as they navigate current and upcoming crisis periods in their lives, with funds helping that can help avoid displacement, debt burdens, fees, and other hardships that have long lasting impacts. This change could mean that as much as \$11 million of currently available funds could be used by savers to meet their immediate needs.

2. Delete **ORS 458.685 (2)(b)**. This part of statute requires repayment of emergency withdrawals of savers' funds within twelve months and would be punitive to savers.
3. Make the change recommended by the Joint Task Force on Addressing Racial Disparities in Homeownership that earnings be accelerated. Specifically, change **ORS 458.690** to allow account holders to accrue up to \$6,000 in a 12 month period (instead of \$3,000 as is now allowed).

As you consider the ways to support individuals and households through the financial crisis caused by the pandemic, especially communities of color, we urge you to help us use the IDA tool more flexibly by passing these statutory changes.

Thank you,

A handwritten signature in purple ink, appearing to read "Ernesto Fonseca", with a large, loopy flourish extending from the end.

Ernesto Fonseca, PhD
CEO, Hacienda CDC