

SB 790 / HB 3133

Expand the Oregon IDA Initiative



The Oregon Individual Development Account (IDA) Initiative builds strong communities from the ground up, providing individuals and families hope, incentives, and support as they invest in their futures. IDAs are flexible, and leverage community resources and expertise.

Oregonians from all corners of the state benefit from IDAs. They work with local partners to build skills and knowledge as they develop a strong savings habit. Their savings are matched as they reach their goals with a solid plan for their future.

Serve more Oregonians: Increase tax credit authority from \$7.5 to \$15 million

The Oregon IDA Initiative is funded by a tax credit authorized in ORS 315.271. Credits are capped at \$7.5 million a year. We would like to increase that limit to \$15 million in 2019, to meet more of the demand for this crucial tool for building financial resilience across Oregon.

Keep the tax credit viable as a funding mechanism: Adjust the value of the credit.

The credit value is currently set at 70%. We need to adjust this to compensate for federal tax changes which make contributions non-deductible on federal taxes and to make the credit comparable to other state credits.

Accelerate savings: Set higher limits for annual match earnings

Accelerating match earnings will especially benefit those saving for homeownership. We want to allow up to \$3,000 in savings match per 6 month period. ORS 458.690 (2) currently allows this match amount over 12 months.

Update statutory language, and remove outdated references to federal programs

- ORS 458.675 (4) references one federal program which was discontinued, and one which is not widely used. We would like to remove those references.
- ORS 458.675 (6) references discontinued federal funding. Replacement language references the ability to leverage or complement federal resources.
- Update reference to the wider range of savings categories added in 2015 in ORS 458.675 (5) and ORS 458.695 (4)
- Remove statutory instructions for calculation of net worth, in ORS 458.680 (2), and replace with a requirement that the procedure be defined in administrative rule.
- Replace references to making residences accessible and visitable with general language that is still true to the intent of the original.

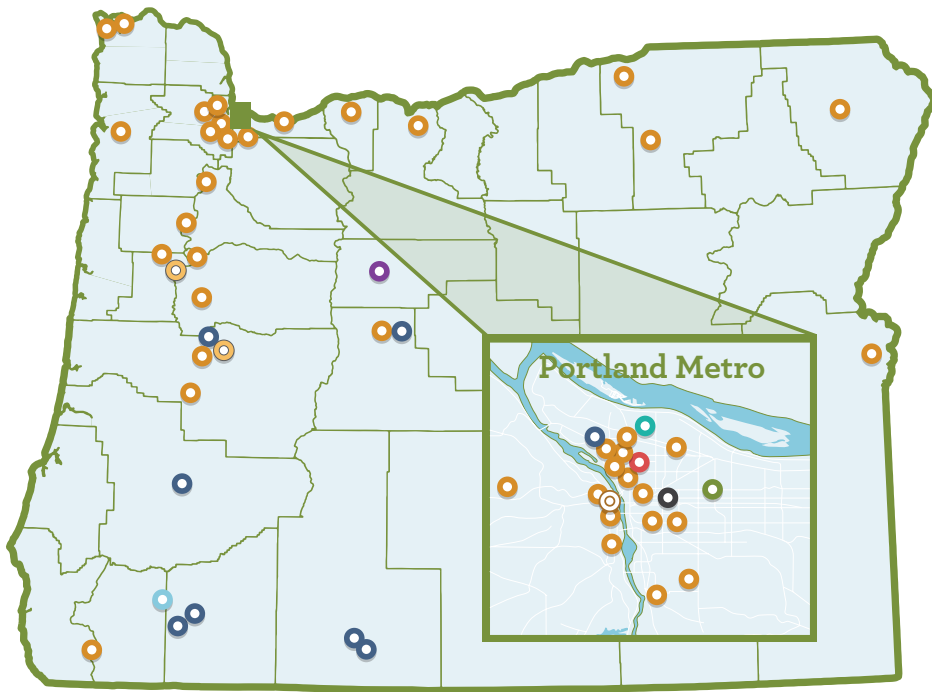
Oregon IDA Initiative, c/o Neighborhood Partnerships: Janet Byrd, 503-516-4698



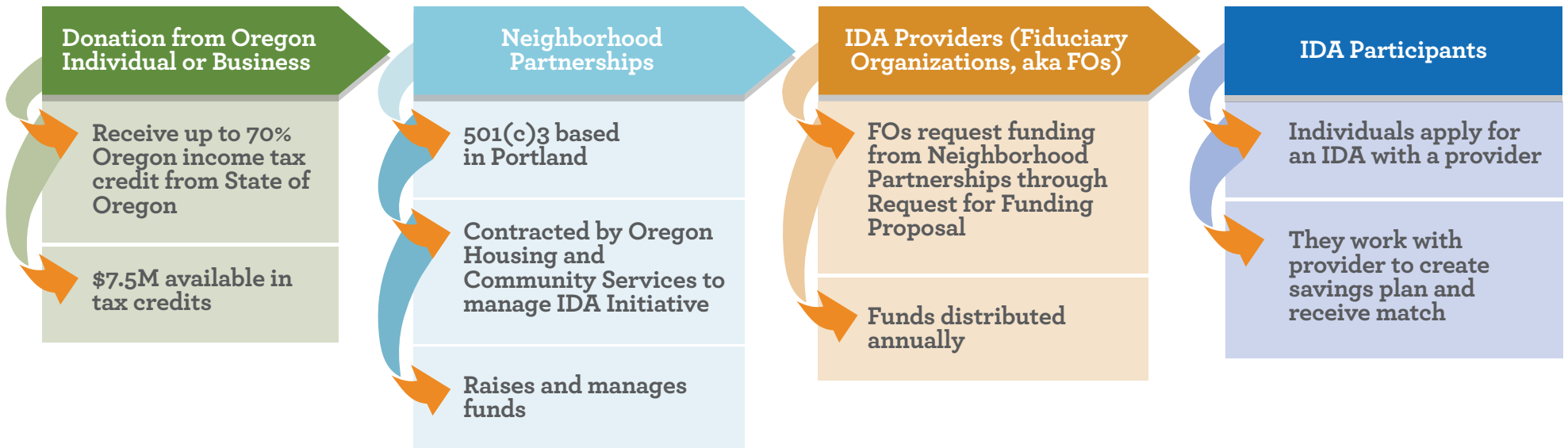
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IDA Provider Map and Flowchart



- 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

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.

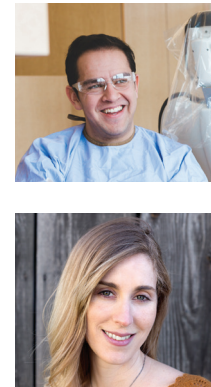
Savings are invested in purchasing a home, fulfilling educational goals, developing a small business, or pursuing another approved asset.

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 **Janet Byrd** for more information
jbyrd@neighborhoodpartnerships.org, 503-226-3001 x103

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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?

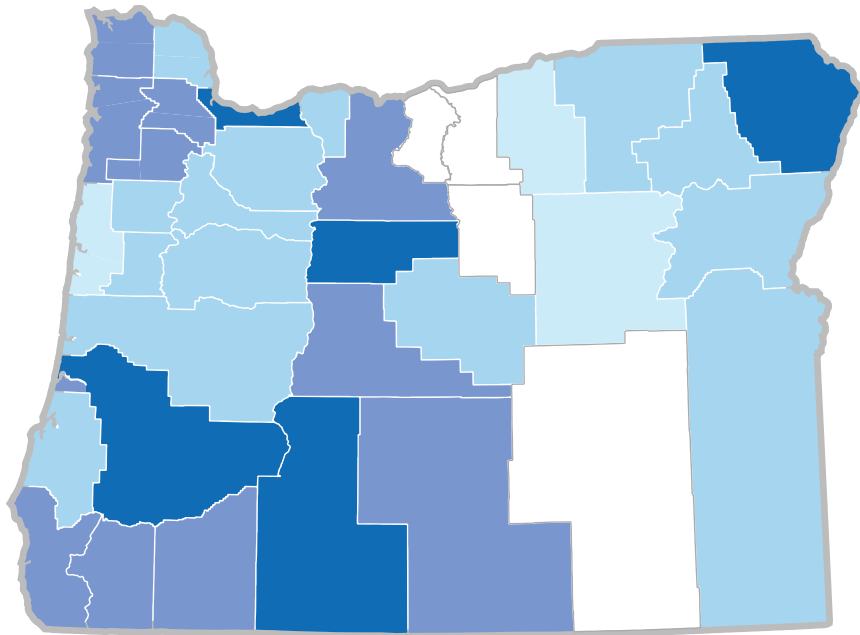


The Oregon IDA Initiative is funded by the Oregon IDA Tax Credit (ORS 315.271). Oregon contributors may receive up to a 70% tax credit on their Oregon state returns for contributions made. This means the state gets \$1 of investment for every 70 cents or less that it spends. Oregon IDA contributors come from across Oregon and contribute a wide range of dollar amounts.

See oregonidainitiative.org for more information

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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

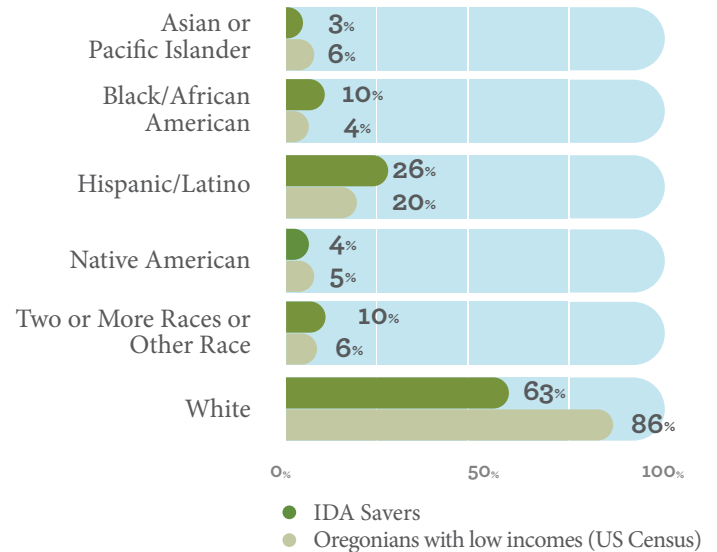
1 in 5 savers (age 25+) have no more than a high school education.



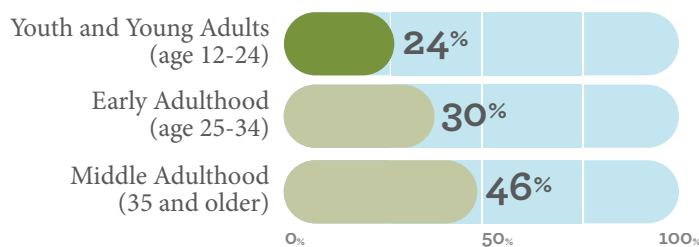
3 in 5 savers are women.



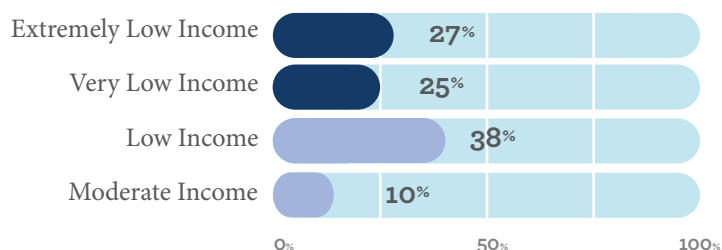
Oregon's communities of color benefit from the IDA Initiative.



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



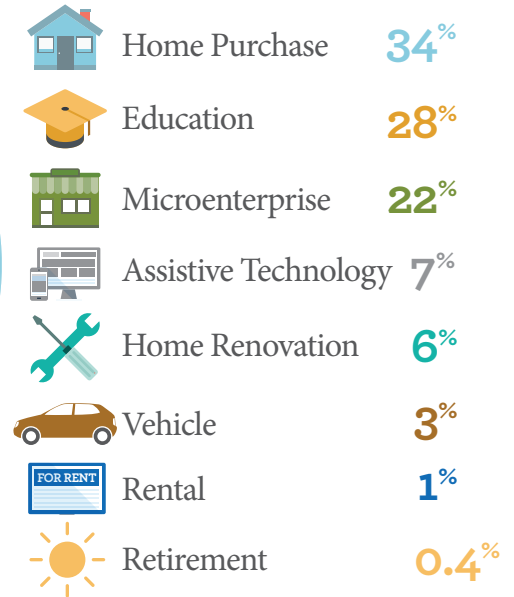
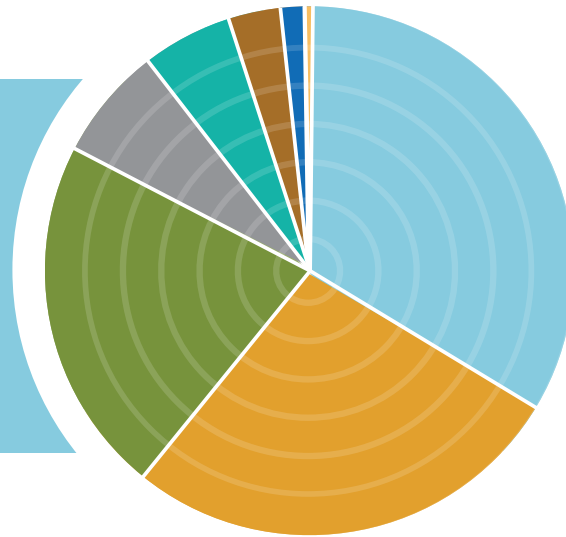
Most savers are living on extremely low or very low household incomes (less than 60% of the area median income).



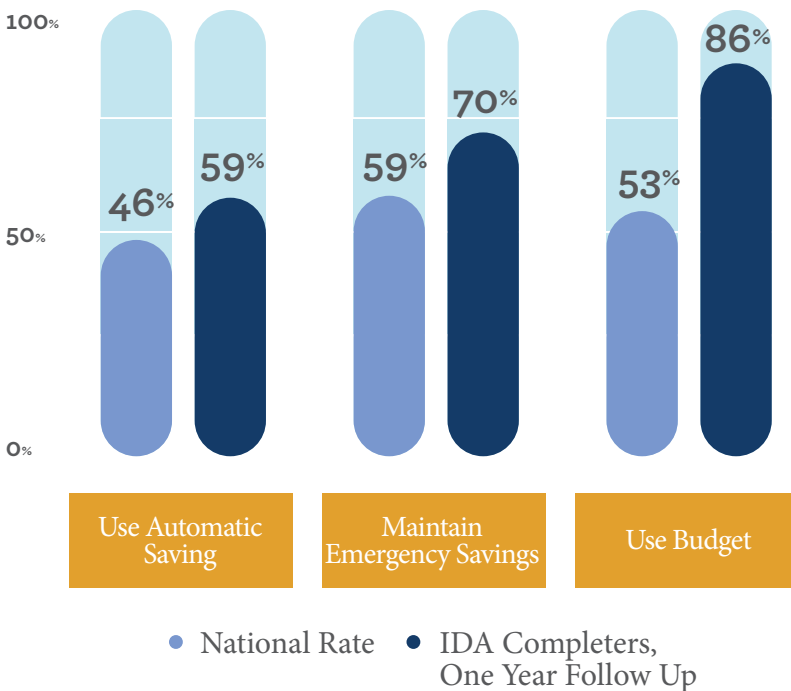
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Through the IDA Initiative, Oregonians are improving their financial resiliency.

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