

February 4, 2021

Senate Committee on Housing & Development
Oregon State Legislature
900 Court Street
Salem, OR 97301

Chair Jama, Vice Chair Linthicum, and Member of the Committee,

Thank you for the opportunity to speak in favor of SB 148, and in favor of Individual Development Accounts (IDAs). My name is Loren Naldoza, and I am the Legislative & Communications Manager with Neighborhood Partnerships. Neighborhood Partnerships is the contract administrator for the Oregon IDA Initiative.

Individual Development Accounts, or IDAs offer a hope of a better future to Oregonians. IDAs are matched savings accounts that Oregonians with low incomes can open at a financial institution to save over several months or years towards a specified asset goal. After the account holder reaches their savings goal, which can span from a few hundred dollars, or a few thousand, they receive a match on their savings, which can match from 1-to-1, or up to 5-to-1 depending on the provider and asset goal.

IDAs are a critical tool for Oregonians with low incomes. More than 3,500 Oregonians are currently saving in IDAs, and more than 15,000 have opened an IDA since the program's creation in 1999. Collectively, IDA savers have saved more than \$28 million of their own money in order to pursue the various goals of purchasing their own home, starting a small business, paying for college, or preparing for unforeseen emergencies.

As Neighborhood Partnerships, we don't do this work alone. In addition to saving, IDA account holders also work with one of our 70 partner organizations, which are located in every corner of the state. Whether you live in Portland or Ashland, Oregon City or Baker City, Butte Falls or Klamath Falls, every IDA saver works with a non-profit IDA provider in their area to build a budget, receive coaching, and take several hours of financial education courses before they can access the match on their savings. The intention behind the program goes beyond giving families and individuals the opportunity to save towards their specified goal; IDA partner organizations also make sure to set clients up for success with financial education and skills that they can use for the rest of their lives.

We are thrilled to be here today to share with you how important IDAs are for Oregon families and individuals across the state, but we also want to raise awareness and our support for SB 148. As many of you know, the IDA Initiative, since 1999, has been fortunate to receive steady funding through the IDA Initiative Tax Credit. Every six years, this tax credit must be renewed or else the funding source will sunset. We urge the committee to support the passage of SB 148, which would extend the sunset on the tax credit that funds the IDA Initiative for an additional six years.

In addition, we support the incorporation of programmatic changes that are within SB 82 presented by Oregon Housing and Community Services, which would make it easier for IDA account holders to save around their specific needs and schedules. Examples of these programmatic changes include broadening the

definitions of emergencies and financial hardships, expanding the maximum savings in a 12-month period from \$3,000 to \$6,000, and adjusting the definition of net worth to omit equity held in one vehicle and one property.

As you will hear later in this hearing, we believe that renewing the tax credit is the best path forward to robust and stable funding for the Initiative. SB 82 contemplates a request for general fund dollars instead, and as you heard from OHCS, and as you will hear later from Neighborhood Partnerships, that decision was made prior to new information being made available which has influenced our decision.

Over the course of this hearing on SB 148, you will hear both from IDA savers, past and present, as well as IDA providers who will share their stories, perspectives and experiences with IDAs. You will also hear again from Neighborhood Partnerships towards the end of the hearing, from our Executive Director, Carlos Garcia, who stands ready to answer any of the more technical questions relating to SB 148 and our legislative ask for 2021.

Thank you for your service, and for your attention to this critical request.

Sincerely,

Loren Naldoza
On Behalf of the Oregon IDA Initiative