

Re: Individual Development Accounts (IDAs)

Co-Chairs Lieber and Sanchez and Members of the Joint Committee on Ways and Means:

I am writing on behalf of myself, my family and community to urge you to “Fix the Funding” for Individual Development Accounts (IDAs). Without your action this year, this life-changing program will shrink by 50% and will enroll fewer than 500 Oregonians per year going forward.

In 1999 the Legislature created IDAs and established a state tax credit to fund them. This matched-savings program provides participants with education and individualized support to reach their financial goals, including homeownership, home repair, higher education, purchasing a vehicle, starting a business, and retirement. The state matches participants’ own savings up to 5-to-1 to make their dreams a reality. Over 19,000 Oregonians have participated in this program over the past 25 years.

About two years ago, my husband and I took the steps to research on how the process of buying a house works. We took an orientation class at Portland Housing Center. This program educated, guided, and helped us gain confidence to take such an important step to buy our first house.

We know how paying rents nowadays are very high and although paying a mortgage it’s also high we are committed to keep moving forward with paying our house mortgage for our family. It is a privilege to be able to own a house and we could not have done it without Portland Housing Center members’ support. The IDA program not only provides education for future home buyers, but also discipline, motivation, classes such as Home 10 requires commitment from future buyers to attend classes, participate in class activities, and know where our money is going. And after completing our IDA savings we start looking for a house with their suggested real estate agents. They helped the process to be clear and smooth.

The future of IDAs is at risk, because the tax credit that funds them has not kept pace with inflation. While the credit has been capped at \$7.5M per year since 2009, the cost of everything that IDA participants save for has increased dramatically – especially IDA savers’ two most common goals: homeownership and higher education. Compared with 15 years ago, each saver needs more funds from the program in order to be successful, yet the total funding has remained stagnant.

There are two funding options available to you in the 2025 session: HB 2735 raises the cap on the existing tax credit, from \$7.5M to \$16.5M, in order to fully fund the program. Or, HB 3809 dedicates revenue from the state lottery to supplement the existing \$7.5M tax credit. Either option would return the IDA program to solid financial footing. Please incorporate one of these options into the 2025-2027 state budget and Fix the Funding for IDAs.

Sincerely,  
Xochitl - IDA participant