

Submitter: Nina Collins-Gayhart
On Behalf Of:
Committee: Joint Committee On Ways and Means
Measure, Appointment or Topic: HB5006
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 and my family as well as my 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.

I recently heard about this program after taking a financial fitness class that was offered through an organization called Take Root Parenting Support for Douglas, Klamath & Lake Counties. After looking up several IDA success stories I signed myself up to utilize the program. I am a single mom of 2 working full time. The roof on my residence has needed replaced for several years, and because of its condition I am unable to get house insurance. I had the roof looked at and quoted several years back and was told it would cost \$10,000 at that time (I am sure the price is higher now). That is a large amount of money I just don't have up front. So when I heard about the IDA program I knew that was the opportunity I had been praying for. This program has changed the quality of life for so many people, if it doesn't get the funding needed it would such a devastating blow for those who just need a helping hand to improve their lives.

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,

Nina Collins-Gayhart