



Oregon's Individual Development Account Initiative
Building Savings, Attaining Assets and Increasing Financial
Resilience for Oregonians

Evaluation Report Executive Summary
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Executive Summary

Evaluation Highlights

- Oregon's IDA Initiative is one of the largest and most successful IDA enterprises in the nation with exponential growth since the start-up in 1999.
- The Oregon IDA Initiative serves rural and frontier communities as well as urban and mid-urban cities and towns, currently serving 35 of the 36 counties in the State.
- Over 6,500 Oregon residents with limited incomes and net worth opened individual development accounts between January 2008 and the end of 2013.
- These Oregon IDA account holders saved over \$9 million to purchase a home, start or expand a micro-enterprise, or further their education.
- Through donations eligible for an Oregon IDA 75% Tax Credit, \$13.1 million in matching funds was provided to 2,524 participants who reached their savings goals and made their investments.
- Participants reported significant changes in financial behaviors and confidence as a result of the education and encouragement they received. Most notably, there were large increases in the percentage of participants that used a budget to monitor spending, regularly made deposits to a savings account, and had an emergency fund.
- Beyond the immediate results of newly acquired assets for individual participants, many reported ripple effects of their involvement. This included the broader and longer term impact...benefits to their children, other family members, their friends, co-workers, and community.

Background

Oregon's Individual Development Account (IDA) Initiative was established in 1999, reflecting a widespread shift in public policy aimed at alleviating poverty. The Oregon IDA Initiative is part of a global alliance to fight poverty through asset-building for low-income individuals and underserved communities, and it is one of the largest IDA enterprises in the nation.

IDAs help individuals and families with low incomes and limited net worth acquire and retain assets through matched savings accounts combined with financial education and counseling. Learning to manage personal finances effectively continues to be critical, especially in an environment in which 27.8% of Oregonians are asset poor.¹ IDA participants in Oregon save to purchase or renovate a home, further their education, start or expand a micro-enterprise, or buy specialized equipment or technology in support of an employment goal.

¹ <http://scorecard.assetsandopportunity.org/2014/state/or>

Oregon residents who meet eligibility requirements can enroll in the IDA Initiative through one of many providers located across the state. Participants work with their local provider to define their goals and begin saving. Once the participant’s goal is reached and all benchmarks of the asset plan are met, every dollar saved by the participant is matched by the Initiative, typically three dollars of match for every dollar saved. Participants who are not able to complete their asset plan may withdraw their own deposits, but do not receive matching funds.

Since late in 2007, Portland State University (PSU) has worked closely with Neighborhood Partnerships, the managing entity for the IDA Initiative, to compile and report data on program performance and outcomes. Data presented in this executive summary were drawn from the PSU evaluation and include information about IDA accounts opened between January 2008 and December 31, 2013. Data from Outcome Tracker and completed participant surveys is reported.

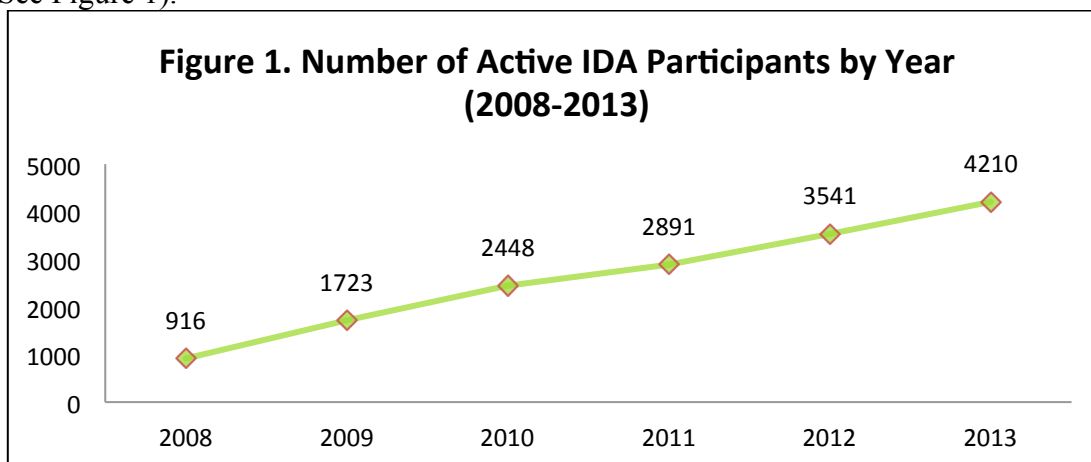
Program Participants

Eligibility for an Oregon IDA is based on limited income and net worth at the time of enrollment. Other requirements are a willingness to save, a desire to invest in one of the approved savings categories, and a commitment to the educational aspects of the program. In addition, IDA account holders must be Oregon residents and at least 12 years of age.

IDA participants come from all over Oregon and represent the growing diversity of the state. Among those enrolled between January 2008 and the end of 2013, approximately 30% were people of color and 22% were Latino. Participants ranged in age between 12 and 86 with an average age of 33. Most were born in the United States (79%) but a significant number of IDA participants came originally from Mexico, Slavic countries, or any of 100 other countries around the world. The majority of participants were women and two-thirds had attended at least some college.

Overall Program Results

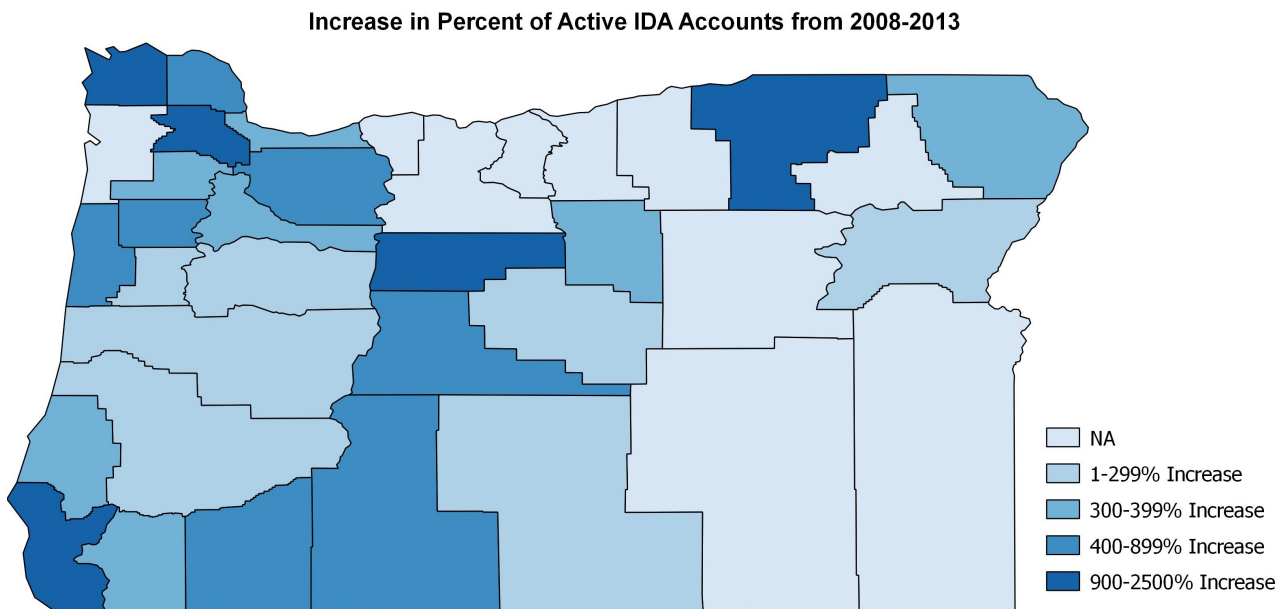
Since its start-up in 1999, the Oregon IDA Initiative has grown exponentially. Over 6,500 accounts were opened between January 2008 and the end of 2013 and there were 4,210 active participants in 2013 (See Figure 1).



Funded through contributions by individuals and businesses to the Oregon IDA 75% Tax Credit, the Oregon IDA Initiative has provided close to \$13.1 million in matching funds since 2008 to 2,524 successful ‘graduates,’ who saved approximately \$4.6 million.

On average, graduates were involved with the Initiative for longer periods of time and saved more than those who left without receiving matching funds. Graduates saved an average of \$1,849 over a period of about 23 months, with an average match of \$5,205. However, many IDA participants reported benefits from the program whether or not they received a match.

The Oregon IDA Initiative and its eleven non-profit Initiative Partners (or “Fiduciary Organizations”) currently serve 35 of the 36 urban, rural and frontier counties in Oregon. The only county not currently being served, Wheeler, is the least populous county in the State. Many partners provided services directly to Oregon residents, some through local partners, and some through a combination or both. The percentage of open IDA accounts has greatly increased across Oregon since 2008. See Oregon County Map below.

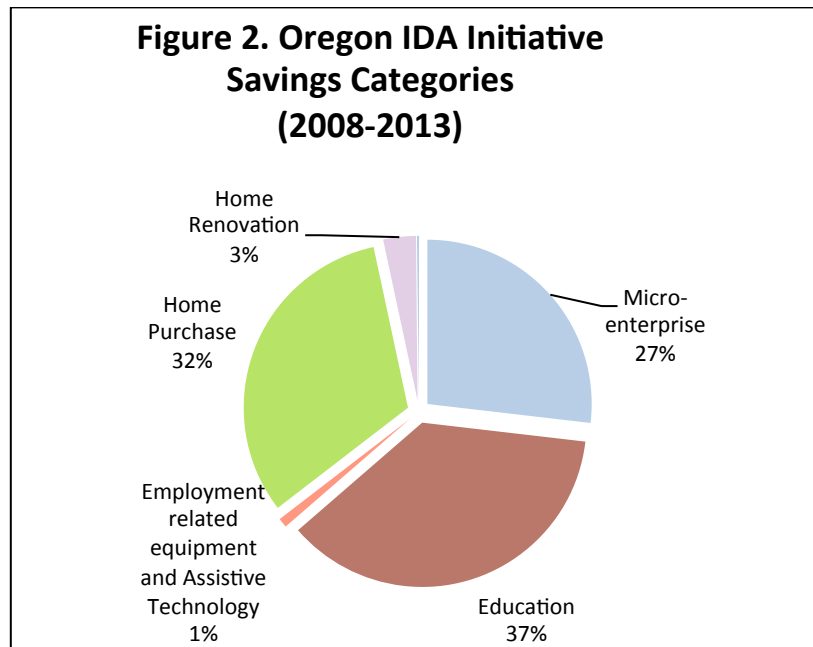


IDA Process and Asset Categories

IDA participants receive basic financial education, one-on-one financial counseling, training specific to their purchase goals, as well as personal support and encouragement. Partners work with participants through the entire IDA process (e.g., recruitment; enrollment; financial training and counseling; asset-specific training; setting up and monitoring monthly deposits with partnering financial institutions; and documenting and processing payments).

Each IDA participant saves for a specific asset. The largest three asset categories in the Initiative are Education, Home Ownership, and Micro-Enterprise, comprising nearly 96% of all accounts

opened through the end of 2013 (See Figure 2). Other participants were saving to renovate their homes or purchase employment-related equipment or assistive technology.

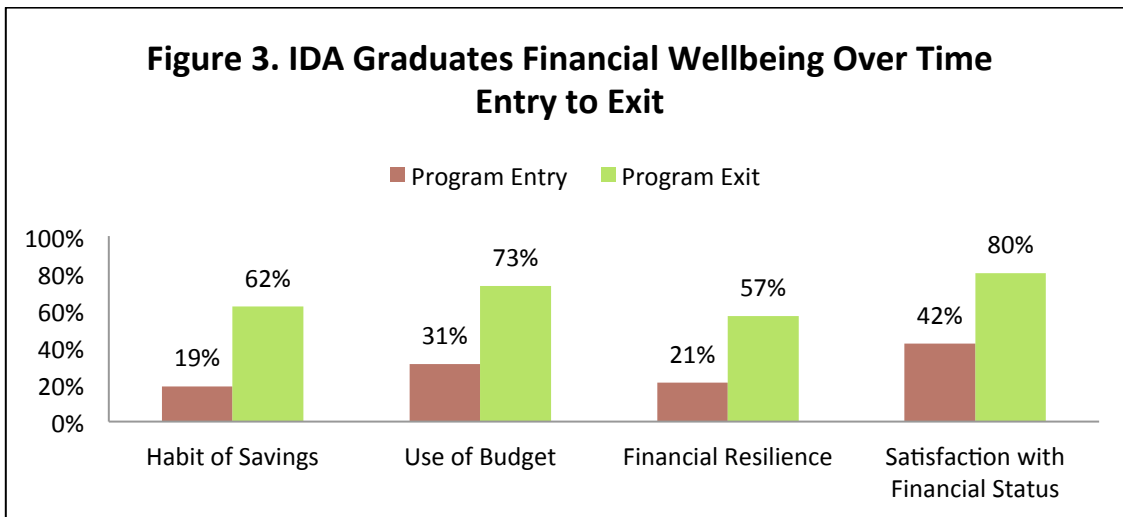


- ❖ **Home Purchase.** Despite the challenges for buyers in the current housing market, purchasing a home has been the priority for the 2,146 Oregon IDA account holders (32% of total new participants) who enrolled since January 2008. These prospective home owners received assistance to determine an appropriate price range for their home, given their income and resources, and were trained in what to expect in the home-buying process. They acquired skills and information about how to take advantage of programs for first-time homebuyers, how to search for a house, details about the inspection process and insuring the home, and how to maintain and protect their investment.
- ❖ **Micro-Enterprise.** Almost 27% of IDAs (1,796 accounts) that have opened since January 2008 were aimed at building up resources to start or expand a micro-enterprise. Many aspiring small business owners with IDA accounts live in rural or frontier communities where their personal successes can have an impact on the entire community. Others are part of a growing urban micro-enterprise community, which includes the thriving food cart industry in Multnomah County and surrounding areas. Micro-enterprise investments have included a wide variety of business assets, such as construction tools, a massage table, jewelry-making equipment, or vehicles to transport supplies and equipment for a home cleaning business.
- ❖ **Education.** Almost 2,500 Oregon residents enrolled in an IDA program to save for their education (about 37% of all accounts opened through the end of 2013). IDA providers and their local partners across the state assisted low-income and underrepresented students to finance post-secondary education. Some were the first in their family to attend college; others were overcoming barriers of poverty and/or other life circumstances. Education IDAs are often structured with enough flexibility that students

can work and save money over the summer, withdraw their money and matching funds for tuition during the year, then repeat the same process the following year.

Impact

At exit from the IDA program, many participants reported dramatic changes in financial behaviors as well as increased confidence in their own competence. Changes in savings and budgeting habits were especially notable, contributing to improved financial circumstances and satisfaction. The percentage of participants using a budget more than doubled after participating in the program (See Figure 3).



Many participants reported maintaining important financial practices even 12 months after they completed their IDA experience, for example:

- 59% were still using a budget in contrast to only 31% who said they used a budget prior to opening their IDA account;
- 49% still had an emergency fund to tide them over during difficult times.

Even IDA participants who were not able to complete their savings goals often cited aspects of the program they found helpful. Many described that learning to use a budget was very helpful and thought the classes they attended, the skills they learned, and the support they received contributed to their financial well-being.

The Broader Impact of the Oregon IDA Initiative

Beyond the immediate results of newly acquired assets for individual participants, the goals of the Oregon IDA Initiative are to build financial resilience that impacts family and community over the long term. The majority of IDA participants indicated improvements in a number of personal and family circumstances in addition to their management of money and savings habits 12 months after they exited the program. Some participants also got more involved in their community. See table

below, which includes graduates as well as participants that *did not* receive a match. IDA participants reported that their social networks included more people with similar financial goals, that their relationships were stronger, and that they were more involved with their community.

Since participating in the IDA program...	12 Months Post Exit All Respondents (n=565)
I am managing money better	44% Very much 49% Somewhat
My spending habits have improved.	40% Very much 50% Somewhat
My saving habits have improved.	34% Very much 49% Somewhat
My confidence in managing finances and my ability to plan for my financial future has improved.	50% Very much 40% Somewhat
I know more about budgeting and financial planning.	58% Very much 36% Somewhat
I have a better understanding of how credit and credit cards work.	56% Very much 33% Somewhat
I have a better understanding of my ability to save on a limited income.	49% Very much 41% Somewhat
I feel more confident interacting with financial services and organizations.	50% Very much 39% Somewhat
My family is more involved with my community.	21% Very much 52% Somewhat
My social networks include more people with similar financial goals.	24% Very much 51% Somewhat
The relationships within my family are stronger.	33% Very much 44% Somewhat
My family has paid off a debt.	53%
Someone in my family started volunteering.	34%
I have joined an association, group or committee. (This could be a neighborhood watch group, political group, church group, neighborhood association, school committee, etc.)	43%
I have helped organize a community event.	36%

Many participants indicated other long term benefits of their participation in the Oregon IDA Initiative, often noting how their participation has had ripple effects – benefiting their children, other family members, their friends, co-workers, and community. Here are a few quotes that represent the impact of participation in the IDA on Oregonians:

“The program has definitely taught me how to save better financially and made my goals come true.”

“I am thrilled to have earned my master's degree, which has afforded me greater self-esteem and provided a good role model for my daughter.”

“Learning how to chip away at savings goals helped me gain confidence in dreaming outside of the box for my business.”

The ripple effects are most evident, however, in the rich stories IDA participants have shared about their experience. To read some of these powerful stories, please go to the Oregon IDA Initiative website: www.oregonidainitiative.org

Summary

Findings from the evaluation highlight the strengths of the Initiative and positive results for individual participants, many of whom achieved outcomes for themselves and their families that they could not have envisioned on their own.

Participants reported immediate as well as sustained longer-term impact. The majority held onto the asset they acquired through their IDA and were excited about their continued ability to plan for the future, use a budget, and set aside savings to meet new goals and safeguard their future financial wellbeing. Although not all participants reached their financial goals and received matching funds, an overwhelming majority of those who had to withdraw early appreciated the opportunity, the support, and the skills they gained from their IDA program.

The ‘ripple effects’ we found in participants’ responses to survey items and in the stories they shared reflect the broader and more far-reaching results for individuals, families, and communities. These effects speak to the importance of Oregon’s continued investment and the potential for the IDA Initiative to strengthen Oregon’s economy.

Oregon’s IDA Initiative is recognized as one of the strongest in the nation, reflecting the state’s commitment to increasing financial resilience among Oregonians with low-income. With this foundation, Oregon is well positioned to expand the IDA Initiative. It is also well positioned to develop and test new strategies that increase participation and success across the diverse population of individuals and families living in poverty and experiencing the precarious circumstances that poverty entails.

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