

2022 RE:Conference session: IDA Initiative--Crafting a Mission for the Next 20 Years

For more than 20 years, IDAs have been a resource for Oregonians with low incomes to build assets and reach financial goals. But in the last 2½ years, the Initiative has undertaken powerful shifts in statute and practice to center equity and the needs of savers. This session is an opportunity to gather and bring our experiences and diverse perspectives to the work of advancing economic justice in communities across Oregon. Neighborhood Partnerships will share some recent IDA Initiative data on outcomes, so we can reflect collectively on the impact of the many policy changes that have been made to IDAs. Together, we can bring inspiration from the conference to consider how our IDA mission can better reflect the IDA Initiative's role in advancing economic justice in Oregon today and into a future where we all can thrive. We hope you will join us in this final session of the conference as you prepare to go back out to your communities!

Presenters:

Amy Stuczynski (she/her), Manager of Data and Evaluation at Neighborhood Partnerships

Luke Bonham (he/him), IDA Program Manager at NP

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The agenda for this session is:

- First a high level summary of the Oregon IDA Initiative, specifically charting a journey from the original vision and approach to what it looks like now.
- Then some data points about IDA strengths and opportunities for discussion
- A review of some past IDA narratives
- And finishing with breakout groups on crafting a new IDA mission

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I'm going to start us off by briefly reviewing the history of IDAs in Oregon, which were first introduced in 1999, and largely copied from the federal program called AFI (Assets for Independence) which was an asset-based anti-poverty demonstration project with a goal to increase economic self-sufficiency by promoting saving for postsecondary education, homeownership, and microenterprise development highlighting the following approaches. Matching someone's savings would be an incentive for them to accumulate assets.

Since we are talking a lot about narratives at this conference, I want to give a few quick examples of narratives that I see as tied to the design of IDAs originally

- There was an earned income requirement to qualify for an IDA
 - o a narrative I see here is that poor people are lazy and looking for a government handout, and they need incentives to work.
- Use of custodial accounts
 - o a narrative I see here is that poor people won't have the self control necessary to save money if they have access to their savings
- There was a regular monthly savings requirement
 - o a narrative I see here is that there is one right way to save
- Last but not least- To stay in the program, you may only withdrawal your savings for a qualified emergency.
 - o A narrative I see here is that some emergencies are worthy and honorable, and others are the result of people managing their money poorly

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The first 15 years were largely aligned with AFI, but if we jump forward to 2015, and as Oregon's IDA Initiative grew, advocates successfully broadened the use of IDA matching funds for additional asset classes in response to community needs. This included adding new asset goals like retirement, rental, debt, and vehicle among others.

Then in 2017, AFI was no longer granting new funding, which opened up the opportunity for Oregon's IDA Initiative to consider additional flexibility in program design without having the AFI requirements.

In 2019, IDA Providers convened right here at the RE:Conference in Salem to apply a human-centered design approach to IDAs, organizing around the question of: **How might Black, Indigenous, and People of Color in Oregon gain access to assets?**

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In some ways, we have noted that as the start of our work crafting a new mission for the IDA, which we are continuing today. From that, some key takeaways emerged for IDAs, including

- Identifying how to better measure equity impact
- Trying new approaches
- Building trust & confidence in clients and community
- Changing the language we use
- Getting out of the way, and reducing gatekeepers

A human-centered design approach calls us in to continue analyzing what we are doing, whether it is working, and iterate to see what we could do better for those most impacted by economic injustice. What will it take for IDAs to be a tool that works to help all communities have access to building assets?

First, we need to look at what was not working: Pre-COVID, IDAs were exiting 1 in 5 people from the program without matching funds. This data tells us a pretty specific story about who this resource is not working for. Or to apply a narrative frame: a story about who is worthy or not worthy to benefit from this resource. 1 in 5 people who started the program did not get any match money. Using an equity lens and asking about unintended impacts, it was clear that our approach was reducing success rates of the most vulnerable participants, and happening at higher rates for people of color when compared to completion rates of white savers.

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2020 brought the intersections of the COVID 19 pandemic, a racial justice uprising, and devastating wildfires in Oregon. In 2020, advocates successfully got emergency savings added to statute, and you all, the IDA Providers across the state, offered critical support and resources to savers during this time of crisis.

In 2021, the IDA tax credit was renewed for 6 more years and what we might call the “vision” for IDAs changed in statute.

These changes reflect the role of financial stability and financial resilience is essential when working toward building assets. Current IDA Statute language reads:

Investment through an IDA will help lower income households obtain the assets they need to succeed. Communities and this state will experience resultant economic and social benefits accruing from the promotion **of the financial stability and resilience of lower income households.**

We see this as a vision that center’s saver needs and goals, especially those most impacted by economic injustice. A vision where ALL communities are able to build financial stability, financial resilience, and wealth to enable themselves and future generations to thrive.

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For the IDA Initiative, expanding the range of assets was a move toward increasing access to the resource for those most impacted by economic injustice. Some assets, like emergency savings, vehicles, rental or assistive technology focus on financial stability. Others, like education, microenterprise, or debt repayment can serve as bridging assets, moving from stability towards wealth building. And then some provide specific wealth-building opportunities that support community thriving and intergenerational transfers of wealth. The variety of different asset goals that we now utilize across the Initiative present new challenges, as well as strengths and opportunities for us as a group to consider. Which is where we will turn now, as I pass it over to my colleague Amy.

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Amy Stuczynski (she/her), Manager of Data and Evaluation at Neighborhood Partnerships

I help the IDA Initiative to use data (by which I include numbers and stories) to understand participants' needs and our reach and impact, with the goal of working towards a community and economy where prosperity is more broadly shared.

When we look at some of the most recent data we have from the Initiative, and that exists in the field at large, it reinforces several pieces Luke mentioned and raises some tensions in terms of where we are now, and where do we think we want to be.

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For context, we track participation in the IDA Initiative in a couple ways. One is enrollments, who are all the people who apply, are eligible, and open their savings account. The other way is to track the number of participants who are enrolled and then complete their goals and receive IDA Match dollars. Because savers average more than 2 years in the program, this second measure has always lagged behind the first.

There have always been folks who for various reasons left the program without completing their goals or receiving match \$. Historically, speaking very generally, the two biggest factors have been the difficulty of reaching homeownership goals, and because of fairly punitive elements of program design—things we have been working to change, as Luke referenced above.

This slide gives us an overview of how those changes have impacted completion with match. For many years, between 75%-79% of participants exiting in a given year received match. In the two most recent years, closer to 90% of savers received match, a marked increase from the past.

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We think the increase in completion rates is due to a couple of factors, one of which is the wider range of goals available. This chart shows how match funds were distributed by asset goal, over the two most recent years.

Relatively equal shares of total IDA match went to the classic assets: education, microenterprise and homeownership, and to the newest up and comer, vehicles. Vehicles, and the other newer assets are key drivers—apologies for the pun—of the improvement in completion with match. This is for two reasons.

One is that IDAs can now better reach savers where they are at, meeting goals around stability, income building or bridging, and wealth building. The second is

specific to homeownership, where folks who are unable to purchase a home within IDA timeframes or due to market forces and their own economic circumstances can be relatively easily redirected to a different asset, including emergency savings, or they can switch their savings and match to a First Time Homebuyer Savings Account, a relative newcomer in the financial products available, and something home purchase providers are beginning to support their savers to access.

This is the first period following the addition of matched emergency savings as an asset goal, and it is already at 6%.

We feel very positively about the increased responsiveness of our program design. We also feel attentive to unintended impacts. While so far homeownership dollars have remained relatively steady against historical norms, they are a decreasing share of total match, but remain the strongest tool we have for savers to use for real wealth building. While retirement accounts can build wealth and provide growth on investment, uptake is still quite low, as you can see. And microenterprise is an attractive promise around wealth building, but small businesses fail at significant rates, and even successful businesses that provide a steady income/cash flow may not grow or succeed in a way that will translate into wealth that can be accessed for retirement and future generations.

How do we balance accessibility to meet people where they are at, and also address the wealth gap and maintain a stake in the original vision of the Initiative--to build wealth?

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We are also operating in a context where we have longstanding, persistent, and increasing racial wealth gap. The typical white family has 10x the wealth of the typical Black family and 8x the wealth of the typical Hispanic family.

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For NP, as IDA administrator, this means we must continue to look closely and with an equity lens at how this resource is reaching Oregonians. This slide looks at the proportion of actual match \$ going to each demographic group. In the bar graphs, the grey bar shows the percentage of low income Oregonians who identify with that racial or ethnic group, and the Dark blue shows what percentage of IDA match is going to that population.

We see that match is going to black and Native American savers at greater rates than their representation in the low income population, which is the direction we need to go to support greater equity and have an impact on the racial wealth gap.

The last few years have seen real change and shifts in the IDA Initiative, changes that are resulting in greater equity in the way IDA match dollars support the financial goals of low and moderate income Oregonians. We of course see many ways we can and will continue to learn, especially from our savers, and others in Oregon's low- to moderate-income communities who have not had access to IDAs. But we see the depth of change IDA providers have made, and how clearly those changes have begun to make real change.

And we'd really like to start telling the story of what IDAs do more accurately, and more consistently across the Initiative. I'll turn the mic back to Luke to talk about how we'd like to engage you in that project today.

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Today we want to focus in on the IDA mission, because how we talk about or write about the program matters. Mission answers the question: What is our purpose? How do IDAs get us to our vision? What work are we good at and excited about?

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First we'll turn back to some PAST EXAMPLES, which until very recently were on NP's IDA Initiative website. At your tables, take 5 minutes to just discuss: What are some harmful narratives embedded in these statements? We'll take 5 minutes and then ask for a few people to share

- IDAs are matched savings accounts that build the financial management skills of qualifying Oregonians with lower incomes while they save towards a defined goal.
- 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.
- Share out

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A Mission statement is essentially a simple narrative about IDAs. The story about what we are trying to do and how we will do it. What we at NP see the Initiative doing is boldly pursuing that vision from statute, where ALL communities are able to build financial stability, financial resilience, and wealth. Thinking about the critical work you all have done over the last 2+ years to be there with people in a time of extreme financial insecurity. It's not just you helping those that are

ready to build assets, but also those that are needing financial stability first. I think we are doing great work, but our mission hasn't caught up with where we are.

For the rest of today's session, we are going to talk in groups of 5-6 working off a draft mission statement that some of the FOs were involved in drafting. We want to ask you all what resonates, what doesn't, and try to move toward a collective framing that we can use to develop a clear mission that can communicate across the initiative, to the legislature, to organizational leadership, and to prospective and current savers.

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Draft statement to work on:

Oregonians with low to moderate incomes leverage matching money from Individual Development Accounts (IDAs) to increase the power of their own savings in support of their financial goals. IDA providers partner with participants, offering community-based support, information about financial systems, and matching cash towards financial stability and wealth building.

- How does this mission center the saver and their lived experiences?
- How might this mission be changed to align with our goal of decreasing the racial wealth gap in Oregon?
- If you are an IDA Provider: How does this statement align with your program?