

**Testimony before the Senate Appropriations Committee
In Support of SB 185 – Vehicle Use for Individual Development Accounts**

Given by Andrew Bradley, Senior Policy Analyst, Indiana Institute for Working Families
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Good morning Mr. Chairman and members of the committee. I would like to begin by thanking Chairman Kenley for providing this hearing, and by thanking Senator Kruse for authoring the bill on this important subject.

My name is Andrew Bradley, and I am a Senior Policy Analyst with the Indiana Institute for Working Families, a program of the Indiana Community Action Association. Our Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies, and programs impacting low-income working families with education and outreach. Together with Senator Kruse, the Institute also co-chairs the Indiana Skills2Compete Coalition, whose members include the Indiana Chamber of Commerce, Ready Indiana, Conexus, Ivy Tech, the Department of Workforce Development, Labor representatives, the Local Initiatives Support Corporation, Training, Inc and JobSource, as well as a bipartisan group of legislators and policymakers. The aim of the Coalition is to close Indiana's skills gap and to be an available resource to policymakers working toward that end. I am here today on behalf of the Institute and the Coalition to testify in support of Senate Bill No. 185, which would open Indiana's Individual Account Program to include the purchase of vehicles used for work and post-secondary education.

This bill resulted from the work of the Indiana Skills2Compete Coalition, which has sought to identify and eliminate obstacles to the education and training needed to fill the state's skills gap. By allowing vehicle use, Senate Bill 185 would add a valuable asset and help savers overcome a major barrier to work and skill development. Low-income Hoosiers frequently have trouble accessing reliable transportation to work or education. For example, twenty-one percent of SNAP recipients, used here as a proxy for low-income individuals, had no vehicle, while only five percent of those not on SNAP go without a vehicle. The U.S. Department of Education has identified the lack of transportation is one of the main barriers to adult education, along with constraints of time, cost, and child care. For many Hoosier families that have no access to public transportation, access to a vehicle would be the key to unlock post-secondary education and building workforce skills.

Senate Bill 185 would augment an already successful IDA program and make it more effective for Hoosier workers and employers. IDA programs consist of matched savings accounts that enable low-income families to save, build assets, and enter the financial mainstream. Savers are matched \$3 for each \$1 of earned income deposited by qualifying individuals, up to \$400 matched annually each year, for a maximum of four years. Currently, IDAs can be used to

purchase one of three economic assets including: purchasing or rehabilitating a home, pursuing post-secondary education, or opening a small business. In order to purchase these assets, savers must successfully complete a carefully administered financial literacy program, which teaches the skills necessary not only to successfully manage their asset, but also builds financial skills with benefits that extend far beyond the matching period. Despite the downturn in the national and state economies, over 93 percent of Indiana's IDA participants fully met their savings requirement in each of the past five years.

Senate Bill 185 would add a valuable asset to the IDA program without additional program costs. Allowing a vehicle asset purchase would not expand spending of program, but would simply add a use that is critical for people needing a car to get to or keep a job, or to obtain the education and training necessary to work. In fact, the IHCD already administers a vehicle asset use for the federally-funded Refugee IDA program, so the necessary staffing, standards, training and supports are already in place.

Senate Bill 185 would ensure that all Hoosiers using IDAs have the same opportunities that the federal IDA program allows only for refugee users. Indiana's IDA programs already successfully administer these vehicle purchases for refugees and incorporate this asset use in their financial planning requirements. For example, the Indianapolis Refugee IDA program lists the success story of Tial Hnem of Shelby County, who in 2011 was the first participant in the program to use her asset savings to purchase a vehicle to get to her job in Shelbyville.¹ This bill would allow the expertise of the IHCD in administering vehicle use for refugees be extended to all low-income Hoosiers using the IDA program.

In conclusion, Senate Bill 185 would unlock access to work and post-secondary education that helps Hoosier workers gain the skills they need to compete to fill the skills gap. By using the IDA program to purchase a vehicle, savers not only gain an asset that allows access to work or post-secondary education, they also gain financial literacy and skills that will have lifelong benefits for their families. The bill would also allow IDA programs to extend the same expertise they have developed administering the vehicle use for refugees to all eligible Hoosier users, at no additional cost to the state. Thank you, and I would be happy to take any questions you may have.

¹ <https://sites.google.com/a/exodusrefugee.org/ida/rida-asset-purchases/tialhnem>