

# Seattle Post-Intelligencer

## SEED helps American Dream blossom

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Guest Editorial By ERIC PETTIGREW AND BILL HINKLE

Katrina Baker thought she and her three children would have to live in subsidized housing forever. Her job as a special education teacher paid just enough to get her off welfare but not enough to make the American Dream a reality. And Baker's dream was to own her own home.

But last year, Baker became a homeowner and today her children are picking out colors to paint their rooms in their house. Baker was able to buy her home through an innovative economic development tool that helps people with lower incomes enter the financial mainstream. Individual Development Accounts are state-matched savings accounts for people with low incomes to help them buy a home, start a small business or finance their higher education.

But unless the Legislature acts, Washington stands to lose its state-supported IDA program in June. That is why we have introduced House Bill 1408, the Saving, Earning and Enabling Dreams (SEED) Act. The legislation would maintain and expand this innovative program and ensure that more people like Baker can get something back they thought they'd lost -- the chance to achieve the American Dream.

Like Baker, many people in Washington who are working poor have little opportunity to save for the future -- every dollar they earn must go toward meeting some basic need. But a life beyond living paycheck to paycheck is possible if the state invests in ways to help people prosper.

Here is how IDAs work. Local community agencies such as the United Way or a Community Action Program partner with banks and financial institutions to create the accounts. Participants take financial training, set savings goals and lay out a plan for how they are going to save money. For every dollar they save, the state sets aside matching money in a separate account. When enough savings and match dollars have built up, the agency writes a check directly to the entity the saver wants to purchase their asset from, for example, the bank financing the home loan.

Since Washington began offering IDAs in 2001, low-income people collectively have saved more than half a million dollars and used their savings and the matching funds to leverage more than \$9 million in assets. Through IDAs, 81 people have bought homes, 28 people have gone to college and 45 people have started a small business. All the new enterprises are still in business.

This is remarkable success, and we should not turn our backs on it. The SEED Act will not only continue IDAs in Washington, it will also ensure that more people are able to save too by expanding eligibility.

And the entire state will benefit. The federal government will provide a dollar-for-dollar match to local money and state funds qualify, so we will double our investment. And through IDAs the state will create more homeowners and small businesses and help more people obtain college degrees. That means a stronger economy for everyone. Washington cannot afford to lose this kind of economic development tool.

Walking in the door of your own home, going to college, hanging out the shingle on a business that bears your name -- this is what the American Dream is all about. By helping working people develop savings, we do more than invest in them, we create a chance to reclaim the American Dream. That's an investment opportunity we can't afford to give up.

*Rep. Eric Pettigrew, D-Seattle, represents the 37th District and is vice chairman of the House Economic Development Agriculture and Trade Committee. Rep. Bill Hinkle, R-Cle Elum, represents the 13th District and is the ranking minority member of the House Children, Youth and Families Committee.*