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EDITORIAL: Our view

States should fund plans that help folks help themselves. Savings program a wise investment

A savings account is a foundation upon which the American Dream can be built. Growing assets infuse savers with confidence and hope. But setting aside money and managing it wisely takes discipline and a basic knowledge of personal finance.

That's where Individual Development Accounts come in. Adopted in at least 34 states, IDAs provide an attractive incentive for low-income people because they offer a \$2 match for every dollar saved. Governments have gotten involved because IDAs keep people off welfare and help turn them into more productive members of society.

Washington state's IDA program has helped 700 low-income people save money. At the maximum, a person who saves \$2,000 gets a \$4,000 match. But it's also a great incentive for people who can set aside only the minimum amount of \$10 a month. Those enrolled have to take personal finances classes to help them become self-sufficient and disciplined about spending.

To ensure discipline, funds from IDA accounts can be spent only on important basics, such as housing, post-secondary education and business start-ups. In short, no trips to the mall to blow the cash.

The funding for this worthwhile program is set to expire this year unless the Legislature acts. House Bill 1408 would extend funding for two years at a cost of \$3 million from the general fund. The bill would also expand spending options to include computers and cars, as long as they're used for work.

Idaho is trying get IDAs started via a \$500,000 grant. A nonprofit organization in southern Idaho is already helping refugees from the Congo and Bosnia save money to start new lives. The Idaho Legislature should consider such accounts for its low-income residents.

The principle behind the program is embodied in the adage, "If you give a man a fish, he can eat for a day; if you teach a man to fish, he can eat for a lifetime."

Washington University in St. Louis conducted a survey of people with IDA accounts and discovered far-reaching effects. Savers developed higher self-esteem, became more engaged in civic matters, stayed off other government assistance and had high hopes for the future.

Wendy Stauffacher told The Spokesman-Review that her savings grew to the point where she was able to move her family into a comfortable house. Margarita Vera and her husband started a truck repair business, and the government also benefited because the Veras now pay for their own health insurance and contribute business taxes.

IDA programs are much more than a helping hand for low-income people. They are a smart investment for entire communities.