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New Mexico Press Clipping Bureau

Our view

Anti-poverty program can reap dividends

The problem with most government anti-poverty programs is that they provide temporary assistance, which may be sorely needed, but do little to help people in the long term to climb out of poverty and join the ranks of the middle class.

The individual development account program is different. While it provides little in the way of immediate help, it does provide a pathway for people to make permanent changes. The idea behind IDAs is that the government will lend a helping hand, but those receiving the help have to do their share.

That means starting a savings account and attending financial literacy classes where participants learn about things like establishing a household budget and handling credit. Participants then set up interest-bearing bank accounts. For every \$1 deposited in the account, the government will add \$4, up to \$600. They must save at least \$10 a month.

The money in that account can't be squandered on a weekend in Vegas. It has to be used for buying a house, starting or expanding a business or paying for education.

In 2006, the New Mexico Legislature, at the urging of the public-policy group Think New Mexico, passed a bill appropriating \$1.5 million to get it rolling.

In pushing for the program, Think New Mexico showed lawmakers how successful they have been in other states.

A Ford Foundation study showed that 59 percent of IDA owners are more likely to stay employed. In Illinois, 76 percent of those who completed the financial literacy classes reduced their credit card debt, and 74 percent increased their savings.

In New Mexico, a 2002 study showed that only 25.5 percent of low-income families had interest-bearing bank accounts. The rest had no access to mainstream financial institutions, and were therefore more vulnerable to payday loans and other more predatory types of lending.

The program in New Mexico is just now starting to pay benefits.

Last month, Ivan and Pauline Chacon used the money from their IDA account to purchase their first home on North Mesquite Street, where they are now settling in with daughters Angelina and Clarissa. Both Ivan and Pauline are graduates of the program. And, according to Pauline, they are saving more and thinking about the future.

The Las Cruces IDA is administered through the WESST program. It's not for everybody. It requires a real commitment and a willingness to change spending habits. And, its only available to those earning up to 200 percent of the federal poverty level. But for those looking for long-term lifestyle changes, the IDA program can help.

To learn more, contact WESST at 541-1583 or drop by 2907 E. Idaho St.