

Senate District 5

MI EITC: A Two-Generation Approach That Promotes Work and Eliminates Poverty

The MICHIGAN EARNED INCOME TAX CREDIT promotes economic opportunity, helps hardworking families with low incomes make ends meet and enhances the lives of children. It improves tax fairness, reduces poverty and boosts local economies statewide. Michigan’s EITC is currently 6% of the federal credit, but as recently as 2011, it was equal to 20% of the federal credit. At its current rate, it is claimed by about 775,500 families who are raising over 1 million children, bringing about 6,800 families out of poverty.

DISTRICT 5 SNAPSHOT

In 2014, the MI EITC benefited about **32,960** families in your district,

with **69.9%** earning less than \$20,000

Local Impact	Current (6% of federal EITC)	If Partially Restored (20% of federal EITC)
Average boost to working families' income	\$169	\$564
Amount returned to local economy	\$5.6 M	\$18.6 M

Why It Works

- The EITC helps small businesses and boosts local economies by helping workers with low incomes pay for things that help keep them working, such as child care and transportation.
- Studies show that the EITC increases employment and reduces the need for public assistance, helping families take steps toward self-sufficiency.
- The EITC reduces the number of children living in poverty. Children of EITC recipients are healthier, do better and go farther in school, and earn more as adults.

Estimates using Brookings Institution data