

Montcalm County

MI EITC: A Two-Generation Approach That Promotes Work and Helps Kids

The MICHIGAN EARNED INCOME TAX CREDIT (EITC) 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 770,500 families and puts \$114 million back into the local economy. In each of the last several years, the Michigan EITC benefited over 1 million children and helped pull thousands of families out of poverty.

COUNTY SNAPSHOT

In 2016,
about **5,540** families in
Montcalm County
(19.6%) benefited from
the Michigan EITC.

Local Impact	Current (6% of federal EITC)	If Restored (20% of federal EITC)
Average boost to a working family's income	\$142	\$472
Amount returned to local economy	\$0.78 M	\$2.61 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 further in school, and earn more as adults.

Estimates using Michigan Department of Treasury data.