



FILL UP

# WORKERS' POCKETS

"Interestingly, this economy isn't really helping the people who *need* help. It's only helping the people who already have money."

-Sharon, Lansing

## THE ROAD AHEAD

To help workers pay their bills and put money back into communities, Michigan must:



Allow eligible taxpayers to receive a bigger income boost through a larger state Earned Income Tax Credit (EITC).



Make more working families, students, caregivers and workers eligible for the state EITC.



## TIME FOR A TUNE-UP

The EITC is an income tax credit that helps offset the effects of taxes on families with low incomes. It rewards work, helps people keep working by allowing them to afford car repairs or child care, is a proven-effective antipoverty tool, and has long-lasting positive impacts on children in families that receive it. Michigan has implemented its own EITC credit, but our credit is lower than most in other states. To build a stronger state, Michigan must keep pace and expand its EITC.



## ABOUT THE OWNER'S MANUAL FOR MICHIGAN

We all agree Michigan needs a major tune-up. And like the real vehicles we all depend on, it takes a lot of components and tools to make our state go. Without good jobs and training, reliable healthcare, quality education, strong families, and a safe environment, our state can't run properly. That's why we've created a clear and comprehensive plan to help lawmakers on the road ahead—the Owner's Manual for Michigan.

# REPAIRING THE PROBLEM:



## HOW TO IMPROVE FINANCES FOR WORKERS

- 1. Increase Michigan's Earned Income Tax Credit (EITC) to 20% of the federal credit or beyond.** An increase will give Michigan taxpayers with low to moderate incomes a much-needed boost. For tax year 2016, eligible taxpayers received an average credit of \$148, putting about \$114 million back into local economies. However, if the credit had been equal to 20%, those taxpayers would have received an average of \$493 per household. That would have boosted local economies by nearly \$380 million. But Michigan should not just stop there; expanding the credit beyond 20% will spark even more growth.
- 2. Expand the income eligibility to allow more families with moderate incomes to qualify for the state EITC.** In 2016, about 770,500 families received Michigan's EITC. Based on the 2017 United Way ALICE report, in 2015, a single adult required \$18,192 in annual income to afford the basic necessities. A married couple with two children required \$56,064 annually to make ends meet. This means that many Michigan families who still struggle to make ends meet continue to be ineligible for the credit.
- 3. Allow more students, caregivers and workers to qualify for the state EITC.** Because our state credit is based off of the federal credit, workers younger than 25 and over 65 must have qualifying children to receive it. This results in more students, young workers and noncustodial parents being taxed even deeper into poverty. We must join other states by allowing more childless workers to qualify by eliminating the age requirement for our state EITC.

## SHARING THE ROAD

**Equity is of utmost importance when it comes to building a better Michigan.** Due to systemic structural barriers, workers of color are often more likely to earn poverty-level wages than White workers. State-level EITCs help offset the disparate racial impact of regressive taxes like the sales tax by boosting the after-tax incomes of low-wage households. Providing an income boost to parents also has significant, long-term positive effects on children. Children in households receiving an income boost tend to do better and go further in school, and earn more as adults. As kids of color have poverty rates two to three times higher than rates for white children, the state EITC is especially important.



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