



IT'S TIME TO EXPAND MICHIGAN'S EITC



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Helping working families make ends meet. Michigan's Earned Income Tax Credit (EITC) is a proven program that working families with low-to-moderate incomes rely on. It keeps more money in family budgets to pay for necessities like food, transportation, housing, education, and child care. In tax year 2020, nearly 666,100 families statewide received an average credit of \$135, putting over \$90 million back into the local economy.

The pandemic hit working families the hardest. The pandemic's economic impact has disproportionately affected part-time, hourly, and minimum wage workers, many of whom put their own health at risk to remain in the workforce while struggling to find affordable child care or pay for essentials. Increasing the EITC from its current level at 6% of the federal credit and expanding it to reach currently ineligible workers should be part of Michigan's pandemic recovery plan.

STATE SNAPSHOT

In 2020, about **650,880 families** in Michigan (13.70%) benefited from the Michigan EITC.

Local Impact	Current (6% of the federal EITC)	If Restored (20% of the federal EITC)	If Expanded (30% of the federal EITC)
 Average boost to a working family's income	\$136	\$453	\$679
 Amount returned to local economy	\$88.44M	\$294.79M	\$442.18M

EQUITY MATTERS

The EITC helps workers of all races, but it's especially impactful for people of color, who are disproportionately represented in low-paying jobs due to past and present discrimination in the workplace and educational institutions.

The impacts of EITC span geographies across Michigan—rural, urban, and suburban. Take-up is highest in rural counties, where 14.2% of taxpayers claimed the credit compared to 13.7% in urban counties. Credits are typically highest in urban counties, which saw an average state EITC of \$138 compared to \$125 in rural counties.

HOW 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.

Children of EITC recipients are healthier, do better and go further in school, and earn more as adults.

CALL TO ACTION

Policymakers are taking seriously calls to increase the EITC. Governor Whitmer proposed to restore the state EITC to its 2011 level at 20% of the federal credit. Senator Schmidt introduced a bill to increase the state EITC to 30% of the federal credit by 2025. While Michigan's EITC rate currently ranks near the bottom of states with an EITC, these proposals would serve to increase the impact for Michigan workers and their families.