



Michigan League FOR Human Services

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Progress for the Working Poor

Since the 2004 publication of *Working Hard But Still Poor*, Michigan has progressed in three key areas that follow recommendations made in the report.

Michigan still has a long way to go, however, with about one of every five jobs paying too little to lift a family of four out of poverty. As the state loses higher-paying manufacturing jobs, it is growing jobs in lower-paying fields. (See MLHS Labor Day report 2007 at www.milhs.org).

Among the positive trends are:

- 1 Passage of a minimum wage increase: On March 28, 2006, Gov. Jennifer Granholm signed into law an increase in the state minimum wage. The minimum wage jumped from \$5.15 an hour to \$6.95 an hour in October 2006, then to \$7.15 in July 2007 and will climb to \$7.40 in July 2008. The increase was estimated to help 226,000 full-time workers and 446,000 workers 20 and older.
- 2 Creation of a Michigan Earned Income Tax Credit: A refundable tax credit to help Michigan's lowest-earning workers was signed into law Sept. 22, 2006. It is scheduled to start in tax year 2008. In 2008, the Michigan EITC will be 10 percent of the federal EITC amount and in 2009 and later it will be 20 percent of the federal credit. Michigan has about 640,000 families eligible for the credit.
- 3 A new welfare-to-work policy: The state's "Work First" program for parents receiving cash assistance has been replaced by the Jobs, Education and Training (JET) program that allows more flexibility for hours spent in education and training to be counted toward federal work requirements. While this is an important philosophical shift, the program remains underfunded.