



Fact Sheet: Keeping Kids Out of Poverty with the Michigan Earned Income Tax Credit

The Michigan Earned Income Tax Credit is an effective tool that encourages work and helps keep working families out of poverty. Unfortunately, a plan by Gov. Rick Snyder would reduce it from an average of \$432 per family to \$25 a child, to help pay for business tax cuts. The reduced amount will have no measurable impact on keeping kids out of poverty.

Easing poverty for kids and families

- The Michigan EITC will keep an estimated 25,000 people in working families with children out of poverty in 2011.
- About 14,000 children in working families will be kept out of poverty because of the Michigan EITC.
- Another 700,000 people in working families with kids in Michigan will have their poverty eased because of the state credit.
- In addition, the federal EITC will lift about 150,000 out of poverty.

- Adults who grew up in poverty tend to have lower productivity rates and lower earnings when compared to children who did not grow up in low-income households. It is estimated this reduced productivity lowers Gross Domestic Product by over 1 percent each year.

Governor Snyder has included child poverty as one of the indicators of Michigan's economic strength on MiDashboard. Retention of the Michigan Earned Income Tax Credit will help reduce child poverty in Michigan. Without this credit, there will be more Michigan children living in poverty.

Child poverty has long-term economic impacts

- Adults who spent one to three years in poverty as a child were more than twice as likely to drop out of high school.
- Studies show that about 20 percent of adults who spend more than three years in poverty as a child will not receive a high school diploma.



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