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Earned income tax credit good for Michigan

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During his State of the State address, Gov. Rick Snyder introduced the Michigan Dashboard, an online tool that allows everyone to track the state's progress.

Those who advocate for the least among us are pleased the Dashboard monitors, among other subjects, the number of children living in poverty.

But as the Dashboard indicates, Michigan ranks nationally a miserable 38th in this critical category, which is why a legislative proposal to eliminate the state earned income tax credit threatens the prospect of reducing the number of poor children in Michigan.

The credit was signed into law in 2006 with near unanimous support. It refunds disproportionate payroll taxes incurred by low-income workers at a rate of 20 percent of the federal earned income tax credit. As the taxpayer earns sufficient income to surpass the poverty threshold, the tax credit phases itself out. The goal of the credit, then, is to move low-income workers and their children out of the stranglehold of poverty.

According to a 2008 report from the Anderson Economic Group, the credit "removes barriers to work and encourages self-sufficiency." Anderson's report goes on to cite a national study from the Center on Budget and Policy Priorities that says the credit "lifts more than 4 million people out of poverty each year, half of which are children."

Low-income families and their children have benefited from it since Congress first passed the legislation in the 1970s. Since its inception, the federal credit has enjoyed broad bipartisan congressional support and has been expanded by every president.

In 1986, President Ronald Reagan referred to the credit as "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."

The measure has been so successful that at least 24 other states have enacted a state credit that piggybacks the federal one. Several of those states offer credits beyond the 20 percent offered in Michigan.

Despite strong support from federal and state elected officials, and regardless of the research that confirms the tax credit's success, Michigan's budget deficit has some in the Legislature proposing eliminating the state credit. Supporters cite the credit's cost to the state but fail to take into consideration its primary goal — lifting children out of poverty.

If the Michigan Dashboard believes that moving children out of poverty is a measure of the state's economic success (the child poverty category is listed under the subhead "Economic Strength"), it would seem counterproductive for the Legislature to eliminate a policy that leads to greater economic prosperity.

We urge members of the Legislature to reconsider eliminating the earned income tax credit.

Michigan's economic success and the quality of life for thousands of poor children depend on it.

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