



**Testimony to the  
Michigan House of Representatives  
Tax Policy Committee**

**Presented by**

**PHI-Michigan**

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**March 23, 2011**



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Good morning Chairman Gilbert and members of the committee. Thank you for the opportunity to provide testimony on the implications of the elimination of the Michigan Earned Income Tax Credit (MI EITC) on direct-care workers.

PHI (formerly known as the Paraprofessional Healthcare Institute) is a not-for-profit organization that works to strengthen the direct-care workforce within Michigan's long-term supports and services system. Michigan's direct-care workforce is comprised of approximately 135,000 direct-care workers who provide hands on care and support to seniors and individuals with disabilities. They are employed by over 4,500 long-term care employers that include nursing homes, home care agencies, assisted living facilities across the Michigan.

We approach our work knowing that **quality jobs** for Michigan's direct-care workers will lead to **quality care** for seniors and individuals with disabilities and chronic health conditions. PHI has identified several elements that are essential for a quality job for direct-care workers<sup>1</sup>. These elements include supporting linkages to organizational and community support that help resolve barriers to work.

**PHI views the MI EITC as a valuable work support for low and moderate income working families.**

PHI has been involved in promoting the MI EITC through an employer-based outreach initiative, *Earn, Keep, Save MORE!* – [www.phinational.org/taxes](http://www.phinational.org/taxes). We work with long-term care employers and the provider associations that represent them to promote the federal and MI EITC and free tax preparation services, known as volunteer income tax assistance (VITA) sites.

In our work with this initiative over the last three years, we've found employers to be very supportive of providing information on the MI EITC – and see doing so as an additional benefit to their staff. **PHI estimates that the MI EITC amounts to a raise of \$.25 per hour.** This raise is one many long-term care employers – who rely on Medicaid reimbursement for a significant portion of their revenue – cannot afford to offer.

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<sup>1</sup> For more information on PHI's 9 Elements of Quality Job, see - <http://phinational.org/about/qcjq/the-9-elements-of-a-quality-job/>

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Elimination of the Michigan Earned Income Tax Credit  
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With a median annual family income of approximately \$29,000, many Michigan direct care workers will experience a tax increase – and the loss of an important financial resource – with the elimination of MI EITC. Eligible direct-care workers receive an average MI EITC of \$206 - \$811, depending on the size of their family. For a direct-care worker, this money can help her stay employed by paying for much needed car repairs or covering day care costs that have fallen behind; it can help pay for books or tuition at a local community college to further her education and increase her family's financial stability and independence.

We recognize the challenge that Legislators are faced with reaching a balanced budget. However, we do not see increasing taxes on working families by eliminating the MI EITC while lowering the taxes for businesses, as an equitable solution. It is our hope that that in your search for solutions you will recognize the benefit of the MI EITC and be mindful of the impact it has in the lives of direct-care workers and many other low and moderate income working individuals across Michigan.