

Good afternoon, Chair Irwin and members of the Senate Housing and Human Services Committee. My name is Bethany Broom-Dombrowski and I am here to speak about the Earned Income Tax Credit from both my personal and professional experience.

I first received the earned income tax credit in 2011. I was a 23 year-old single mom working full time as a Lead Teacher in a Head Start Classroom making around \$30,000/year. As I was working, my 3 year-old daughter attended a local daycare & preschool program which cost \$30 per day and did not include breakfast, lunch, or a snack. My refund in 2010 included \$729 for my federal EITC and \$146 for the Michigan EITC. Receiving this tax credit allowed me to pay for around 5 weeks of daycare, almost a week of it coming from Michigan alone. If this had been after the reduction of the Michigan EITC, my refund would have only been around \$44 dollars and barely covered a day and a half. The money I did receive was a HUGE relief because my take home pay never seemed like enough, especially after taxes, paying for high-cost, and high-deductible health insurance while also trying to put money into my 403-B for retirement, and contribute to my daughter's Michigan Education Savings Account for her future education. I wanted to do the right thing. While this might have seemed unnecessary to some, I wanted to save my money for my and my daughter's future. Around the same time, my student loans began rolling in and on top of everything else I was a teacher. At that time, my classroom budget was only \$10/month for VERY low-income students, many of whom were not even having their basic needs met. Some students would come to school without basic things like underwear and warm coats and this is no exaggeration. Suffice to say, some of my paycheck went back into my

classroom and my Head Start students. I felt like I was on a never ending marathon, living paycheck to paycheck. Trying to achieve financial stability can be exhausting and it trickles down to children.

I know this because my students knew just as well as I did when it was tax refund time. They were only 3 & 4 years old. On multiple occasions a child would say, “ When taxes come, we can get \_\_\_\_\_”. In one instance, I was trying to help a little girl get dressed for outside time. I was trying to zip her coat up for her, but it was broken. I told her the zipper was broken on her coat, and she said Mom told her she would be able to get a new coat when they got their taxes back. Mom knew her coat was broken, and was relying on her tax refund to be able to provide a basic necessity for her child. This mom in particular worked at a local factory in Ionia.

I was fortunate that In 2012 I married my husband. My family of 2 became a family of 4 and with our combined incomes we no longer qualified for the EITC. I mention this because I think there is an assumption that once somebody qualifies for some sort of benefit, they will always qualify and use that benefit. That's not true. It's certainly not true for the working poor. Life cycle changes happen. I had my daughter at 19. I was on Medicaid, WIC, food stamps, and cash assistance with no college degree. As I started to earn more after graduating, those benefits quickly disappeared leaving me to pay more for basic necessities. Now, I have a Master's Degree and we are small-business owners on top of our full-time jobs. My children are happy and healthy, they have good heads on their shoulders and I believe they will live rewarding lives free of the struggles I and my husband faced. For those who aren't as fortunate to have the education

and support we did, the resources they can access, especially from tax credits, are invaluable to sustaining themselves and give them a chance to build for the future.

Currently, I work at the United Way of South Central Michigan as an associate with our volunteer income tax assistance program . Myself and a very giving group of volunteers prepare high-quality, no-cost-to-the-client tax returns for households with an income of under \$60,000.00/year. We specialize in making sure taxpayers receive the benefits they are owed which include the federal and Michigan EITC. Some of the taxpayers I prepared returns for, spoke about using their refunds for their transportation needs which included fixing a vehicle that had broken down, paying for insurance, and covering the cost of gas. Some even had difficulty traveling to their tax preparation appointment because they had to find a ride. One client, a grandmother who worked as a waitress, qualified for the EITC and was going to use her refund to fix her broken van. She hadn't seen her grandkids in a long time and was now going to be able to visit them after her van was fixed. I can't tell you how many times/week, United Way of Ionia - Montcalm Counties receives calls asking if we have any programs for gas gift cards because they need it to get to their current place of employment or they are starting a new job and need the funds to travel. Living in a rural area, you need access to reliable transportation to get to work, the grocery store, the doctor, etc. The people earning this credit are hard-working, often working two or more jobs to support their families. They simply don't make enough money to address unexpected mishaps in life, like vehicles breaking down, work hours being cut, or an unexpected medical bill. The resources provided by tax credits like the EIC help

insulate these families from mishaps, preventing them from upending their already precarious situation. I hope that the Michigan legislature will act quickly to expand these resources and thank you for the opportunity to talk about my personal and professional experience with the EITC.