Michigan's Financial Breakdown

Money Needed to Pay Bills	**$14.1 billion**	💰
Taxpayer Burden	$4,100	💵
Ranking (Out of 50)	32	🏅
Financial Grade	**C**	📋

In 2024, Michigan experienced an improvement in its financial situation, similar to that of many other states. But it still didn't have enough money to pay all of its bills and needed $14.1 billion to fill the gap. That means each taxpayer would have to contribute $4,100 to help pay off the state's debt. As a result, Michigan earned a "C" grade from Truth in Accounting.

Michigan's financial position improved largely due to significant reductions in retirement systems' liabilities. The state's net pension liability dropped by $9.8 billion, helped by more than 15 percent in investment gains. Nevertheless, the state's major retirement systems for state and public school employees remained under 80 percent funded. Retiree health care liabilities fell by over $5.2 billion, due to strong investment returns and more favorable estimates of factors such as premium costs, demographic trends, and the timing of transactions.

Taxpayer Surplus (Burden)™

-$4,100
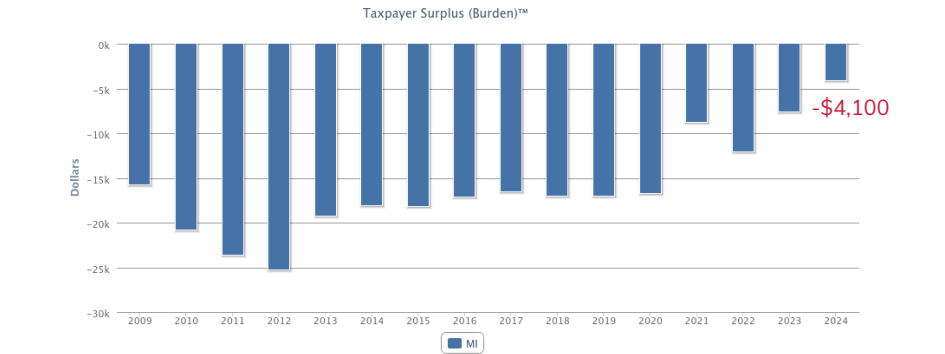
Michigan has received substantial temporary federal aid since 2020 in response to the COVID-19 crisis. This additional funding contributed to improvements in the state's financial condition and increased its available resources to pay bills. However, as this aid declines and national budget tightening continues, future funding may return to more typical levels. This analysis models a return to 2019 federal grants and contributions, adjusted only for inflation. If that occurs, Michigan could see a $7.7 billion reduction in federal funding, which represents around 8 percent of projected expenses for the state's primary government and may present challenges for maintaining services and balancing the budget.

The data in this report is derived from Michigan's audited 2024 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

Michigan's Financial Facts

FACT #1:
Michigan had $44.2 billion available to pay $58.3 billion worth of bills.

FACT #2:
The outcome was a $14.1 billion shortfall, which breaks down to a burden of $4,100 per taxpayer.

FACT #3:
Michigan may lose $7.7 billion in federal funding (8 percent of expenses) if allocations return to 2019 levels, adjusted only for inflation.

The State's Bills Exceeded Its Assets

Total Assets	$102,971,015,000
Minus: Capital Assets	-$33,101,662,000
Restricted Assets	-$25,641,269,000
Assets Available to Pay Bills	$44,228,084,000
Minus: Total Bills*	-$58,342,687,000
Money Needed to Pay Bills	$14,114,603,000
Each Taxpayer's Share of this Burden	$4,100

*Breakdown of Total Bills

Bonds	$19,492,343,000
Other Liabilities	$20,323,916,000
Minus: Debt Related to Capital Assets	-$8,121,752,000
Unfunded Pension Benefits	$29,277,411,000
Overfunded Retiree Health Care Benefits	-$2,629,231,000
Total Bills	$58,342,687,000

Grade: C

Bottom line:
Michigan would need $4,100 from each of its taxpayers to pay all of its outstanding bills and received a "C" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between $0 and $4,999 is given a "C" grade.