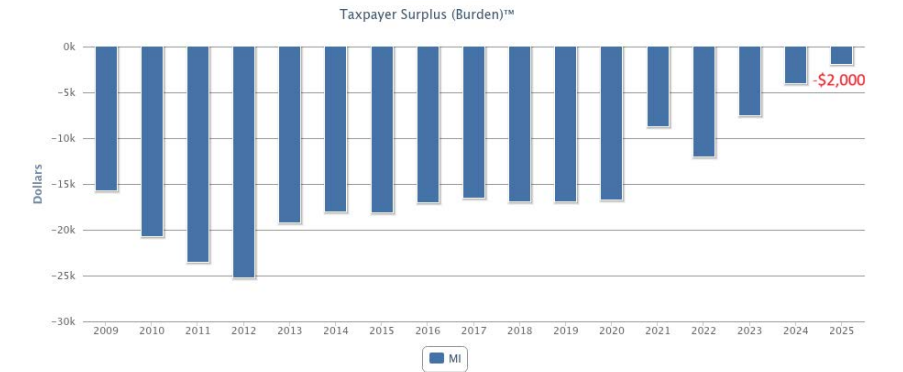


MICHIGAN'S FINANCIAL BREAKDOWN

Money Needed to Pay Bills	\$6.7 billion	Ranking (Out of 50)	30
Taxpayer Burden™	\$2,000	Financial Grade	C

In 2025, Michigan's financial situation improved, but it still didn't have enough money to pay all of its bills and needed \$6.7 billion to fill the gap. That means each taxpayer would have to contribute \$2,000 to help pay off the state's debt. As a result, Michigan earned a "C" grade from Truth in Accounting.

Michigan's financial condition improved significantly, with money needed to pay all its bills decreasing about \$7.4 billion. Michigan's retiree healthcare obligation decreased by more than \$3 billion, primarily due \$2 billion in investment gains. Pension liabilities also declined, supported by strong 2025 investment returns ranging from 15.2 percent to 23.9 percent across the state's retirement systems. However, the Michigan State Employees' Retirement System's investment return fell from 15.5 percent in 2024 to 9.8 percent in 2025, warranting continued monitoring.



Michigan received approximately \$38.7 billion in federal grants, which represented 40 percent of its revenue. The federal government mandates that entities receiving significant federal funds undergo a Single Audit. These audits are intended to be the taxpayers' first line of defense against potential fraud and abuse. The audit found repeated problems with accounting and financial oversight rather than isolated errors. Missing documentation, late reporting, inadequate review, and weak procedures led to inaccurate financial reports, unsupported expenses, and difficulty confirming that federal funds were properly managed.

The data in this report is derived from Michigan's audited 2025 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

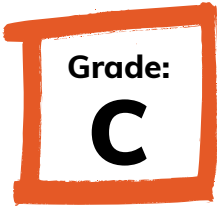
FACT #1: Michigan had \$42.1 billion available to pay \$48.8 billion worth of bills.	FACT #2: The outcome was a \$6.7 billion shortfall, which breaks down to a burden of \$2,000 per taxpayer.
FACT #3: Michigan received 40 percent of its revenue from federal grants and was required to undergo a Single Audit, which identified potential fraud and abuse.	

THE STATE'S BILLS EXCEEDED ITS ASSETS

\$104,188,462,000	→	Total Assets
- \$34,916,297,000	→	Minus: Capital Assets
- \$27,179,511,000	→	Minus: Restricted Assets
= \$42,092,654,000	→	Assets Available to Pay Bills
- \$48,803,462,000	→	Minus: Total Bills*
= \$6,710,808,000	→	Money Needed to Pay Bills
/ Divide by the estimated number of taxpayers		
= \$2,000	→	Each Taxpayer's Share of This Burden

*BREAKDOWN OF TOTAL BILLS

\$19,526,201,000	→	Bonds
+ \$20,285,453,000	→	Other Liabilities
- \$8,488,153,000	→	Minus: Debt Related to Capital Assets
+ \$23,655,169,000	→	Unfunded Pension Benefits
- \$6,175,208,000	→	Overfunded Retiree Health Care Ben-
= \$48,803,462,000	→	Total Bills



Bottom line:
Michigan would need \$2,000 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.