

**THE TRUTH**

Money Needed to Pay Bills
- <b>\$52.8 billion</b>
Taxpayer Burden™
- <b>\$16,800</b>
Financial Grade
<b>D</b>
Ranking
<b>35 out of 50</b>

## Michigan Finances Improved But Still Risky

September 2021

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### Financial State of Michigan

Michigan's overall financial condition improved during the onset of the pandemic, unlike most states, but the state still could not pay all of its bills. Based upon the state's fiscal year 2020 audited financial report, Michigan had a Taxpayer Burden™ of \$16,800, earning it a "D" grade from Truth in Accounting.

Michigan's elected officials have repeatedly made financial decisions that left the state with a debt burden of \$52.8 billion. That burden came to \$16,800 for every state taxpayer. Michigan's financial problems stem mostly from unfunded retirement obligations that have over the years. The state had only set aside 60 cents for every dollar of promised pension benefits and 47 cents for every dollar of promised retiree health care benefits.

Michigan did not have enough money set aside to weather the pandemic and the state has been in poor fiscal shape for years. Like all other states, Michigan received federal assistance from the CARES Act and other COVID-19 related grants which came with stipulations on how the money could be spent. However, the state has not been properly funding its pension and retiree health care promises for years which places a burden on future taxpayers.

The data included in this report is derived from the state of Michigan's 2020 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare states' financial information go to Data-Z.org.

## Michigan's Financial Breakdown

### Fast Facts

- Michigan had \$34.2 billion available to pay \$87 billion worth of bills.
- The outcome was a \$52.8 billion shortfall, which breaks down to a burden of \$16,800 per taxpayer.
- Michigan's overall financial condition improved slightly during the onset of the pandemic mostly due to an influx of federal aid.

### THE STATE'S BILLS EXCEEDED ITS ASSETS

Total assets	\$77,466,845,000
Minus: Capital assets	-\$29,009,366,000
Restricted assets	-\$14,249,937,000
Assets available to pay bills	\$34,207,542,000
Minus: Total bills	-\$87,024,667,000
Money available (needed) to pay bills	-\$52,817,125,000
Each taxpayer's share of this debt	-\$16,800

### BILLS THE STATE ACCUMULATED

Bonds	\$20,185,300,000
Other liabilities	\$15,526,668,000
Minus: Debt related to capital assets	-\$4,793,186,000
Unfunded pension benefits	\$42,808,222,000
Unfunded retiree health care benefits	\$13,297,663,000
Total bills	\$87,024,667,000

### Grade:

**D**

Bottom line: Michigan would need \$16,800 from each of its taxpayers to pay all of its bills, so it received a "D" for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 receives a "D" grade.

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