Summary: Executive Budget Recommendation for Fiscal Year 2026-27
DEPARTMENT OF TRANSPORTATION

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	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26* *Amount*	*%*
IDG/IDT	$4,366,200	$4,555,300	*$189,100*	*4.3*
Federal	2,329,605,500	2,374,354,200	*44,748,700*	*1.9*
Local	87,448,500	86,948,500	*(500,000)*	*(0.6)*
Private	20,500,000	20,500,000	*0*	*0.0*
Restricted	5,447,575,600	6,038,263,400	*590,687,800*	*10.8*
GF/GP	0	0	*0*	*--*
Gross	**$7,889,495,800**	**$8,524,621,400**	***$635,125,600***	***8.1***
FTEs	3,208.3	3,219.3	*11.0*	*0.3*

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. State-restricted revenue in this budget includes revenue from motor fuel taxes, vehicle registration taxes, as well as from an earmark of Corporate Income Tax Act revenue, and revenue from state excise taxes on sales of marijuana. For FY 2026-27, an estimated $4.0 billion in state restricted revenue will be credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 ("Act 51") to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs. Federal funds for transportation programs are authorized under the federal Infrastructure Investment and Jobs Act (IIJA).

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
1. Debt Service	**Gross**	**$340,804,200**	**($1,800)**
Debt service totals $340.8 million, $1,800 less than FY 2025-26. Of total debt service, $333.6 million is for debt service on STF bonds.	Restricted	340,804,200	(1,800)
	GF/GP	$0	$0
The debt service appropriation is primarily based on debt service schedules for previously issued and outstanding bonds, including STF Rebuilding Michigan bonds issued in calendar years (CYs) 2020, 2021, and 2023. Debt service also includes estimated debt service on the final Rebuilding Michigan bond issue, which may be issued later in CY 2026. Total outstanding bonded debt at September 30, 2025 was $3.0 billion, of which, $2.8 billion represented STF bonds.			
2. Services Provided by Other State Departments (IDGs)	**Gross**	**$52,972,200**	**$191,700**
Recognizes economic and cost allocation adjustments for line items that authorize the reimbursement of other state departments from restricted transportation funds for services provided.	Restricted	52,972,200	191,700
	GF/GP	$0	$0
3. Finance, Contracts, Support Services	FTE	195.0	0.0
Includes $1.1 million STF increase for financial accounting compliance and financial management costs.	**Gross**	**$28,214,200**	**$1,112,600**
	IDG	4,366,200	0
	Restricted	23,848,000	1,112,600
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. Property Management	**Gross**	**$9,682,100**	**($1,066,100)**
Reflects DTMB cost allocation adjustments which result in a $1.1 million decrease, primarily STF, in appropriation for property maintenance and management.	Restricted	9,682,100	(1,066,100)
	GF/GP	$0	$0
5. Information Technology	**Gross**	**$42,299,500**	**$5,345,000**
Includes increase of $5.3 million, primarily STF, for information technology cost increases.	Federal	520,500	12,400
	Restricted	41,779,000	5,332,600
	GF/GP	$0	$0
6. Design and Engineering Services	FTE	1,657.3	0.0
Provides $6.1 million Gross increase (state restricted STF and federal) to support increased costs of maintenance and operations of Intelligent Transportation Systems and $526,600 for maintenance and energy costs of 3,141 traffic signals shared with local units of government.	**Gross**	**$267,155,600**	**$6,653,200**
	Federal	23,529,800	2,449,500
	Restricted	243,625,800	4,203,700
	GF/GP	$0	$0
7. State Trunkline Maintenance	FTE	908.7	3.0
Includes $23.7 million STF funding increase to reflect increased costs of maintenance materials and service contracts; includes $654,000 STF and authorization for 3.0 FTE positions for added lane miles in the University Region.	**Gross**	**$486,654,800**	**$24,322,300**
	Restricted	486,654,800	24,322,300
	GF/GP	$0	$0
8. State Trunkline Road and Bridge Capital Program	**Gross**	**$1,851,212,700**	**$137,602,800**
The capital State Trunkline Road and Bridge Construction line item would total $2.0 billion, an increase of $137.6 million. This primarily reflects a decrease in estimated federal funds available under IIJA and a $140.1 million net increase in state restricted fund support. Blue Water Bridge Fund support for Blue Water Bridge capital projects would decline by $3.7 million while estimated STF support would increase by $143.8 million, in part from increases in the October 2025 Transportation Funding Package.	Federal	1,315,266,400	(2,487,700)
	Local	30,003,500	0
	Private	10,000,000	0
	Restricted	495,942,800	140,090,500
	GF/GP	$0	$0
9. MTF/NRF Distribution to Cities/Villages	**Gross**	**$989,893,600**	**$122,476,100**
Includes $1.1 billion for distribution to cities and villages per Act 51 formula, a $122.5 million increase. This reflects the full-year impact of the October 2025 Transportation Funding Package, reflecting increases in motor fuel taxes as well as funding from the Neighborhood Roads Fund (NRF).	Restricted	989,893,600	122,476,100
	GF/GP	$0	$0
10. MTF/NRF Distribution to County Road Commissions	**Gross**	**$1,790,859,100**	**$221,242,300**
Includes $2.0 billion for distribution to county road commissions per Act 51 formula, a $221.2 million increase. This reflects the full-year impact of the October 2025 Transportation Funding Package, reflecting increases in motor fuel taxes as well as funding from the NRF.	Restricted	1,790,859,100	221,242,300
	GF/GP	$0	$0
11. Local Bridge Program	**Gross**	**$126,417,100**	**$133,800**
Reflects $133,800 increase in estimated MTF support. In addition to $26.6 million in MTF support, $100.0 million comes from the NRF, an Act 51 earmark part of the October 2025 Transportation Funding Package.	Restricted	126,417,100	133,800
	GF/GP	$0	$0
12. Local Federal Aid and Road and Bridge	**Gross**	**$428,999,800**	**$0**
Includes $429.0 million for the line item representing federal-aid highway funds available for local road agency federal-aid projects – unchanged from FY 2025-26. The line item reflects estimated federal funds made available to Michigan under IIJA as allocated for eligible local road agency programs in accordance with Act 51.	Federal	428,999,800	0
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
13. Movable Bridge Fund/Program	**Gross**	**$6,309,000**	**$195,600**
Includes $195,600 MTF inflationary adjustment, as required by Act 51, for program that provides funding to MDOT and certain local road agencies for operating costs of movable bridges under state and local jurisdiction. [Executive includes new boilerplate provisions that reflect Act 51 amendments to allow use of Movable Bridge Fund revenue for local bridge inspections.]	Restricted	6,309,000	195,600
	GF/GP	$0	$0
14. Local Rail Grade Separation Fund	**Gross**	**$40,000,000**	**$0**
Includes $40.0 million from the NRF – unchanged from FY 2025-26. This $40.0 million is an earmark of NRF revenue made in Act 51 as part of the October 2025 Transportation Funding Package.	Restricted	40,000,000	0
	GF/GP	$0	$0
15. Transportation Economic Development Fund (TEDF)	**Gross**	**$53,190,500**	**$292,700**
Includes $53.5 million in restricted TEDF support, an increase of $292,700 from current year, reflecting estimated available TEDF revenue. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231.	Restricted	53,190,500	292,700
	GF/GP	$0	$0
16. Passenger Transportation Services	FTE	46.0	4.0
Increases staffing authorization by 4.0 FTEs and related funding increase of $589,100 CTF.	**Gross**	**$7,410,900**	**$589,100**
	Federal	2,000,000	589,100
	Restricted	5,410,900	0
	GF/GP	$0	$0
17. Local Bus Operating – CTF Funding	**Gross**	**$271,607,300**	**$43,392,700**
Increases CTF support for local bus operating assistance to $315.0 million, an increase of $43.4 million. This increase reflects the full-year revenue impact on the CTF of the October 2025 Transportation Funding Package.	Restricted	271,607,300	43,392,700
	GF/GP	$0	$0
18. Transit Programs – Non-Urban Operating/Capital	**Gross**	**$41,123,000**	**$812,500**
Includes $41.9 million for non-urbanized area formula grant program established under 49 USC 5311 ($39.9 million federal funds and $2.0 million local funds). The $812,500 increase in federal funds reflects increase in estimated federal grants available to Michigan under IIJA.	Federal	39,123,000	812,500
	Local	2,000,000	0
	GF/GP	$0	$0
19. Intercity Services	**Gross**	**$10,189,700**	**$676,000**
Increases of $676,000 Gross reflects estimated available federal and state restricted CTF revenue. This line item supports contracts between MDOT and intercity carriers to provide intercity bus service to small urban and rural communities without other intercity public transportation services.	Federal	6,303,600	126,100
	Local	160,000	0
	Private	800,000	0
	Restricted	2,926,100	549,900
	GF/GP	$0	$0
20. Marine Passenger Service	**Gross**	**$20,559,100**	**($20,559,100)**
Eliminates separate line that provided capital assistance for marine passenger systems. Rolls this line into a new Intermodal Capital line item within Passenger Transportation Development, as shown below in Item #22.	Federal	18,059,100	(18,059,100)
	Local	500,000	(500,000)
	Restricted	2,000,000	(2,000,000)
	GF/GP	$0	$0
21. Rail Operations and Infrastructure	**Gross**	**$149,388,500**	**$70,000,000**
Includes $70.0 million increase in federal support to reflect an anticipated grant for rail freight development in southwest Detroit.	Federal	30,000,000	70,000,000
	Local	100,000	0
	Private	3,700,000	0
	Restricted	115,588,500	0
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
22. Transit Capital/Intermodal Capital	**Gross**	**$247,793,500**	**$51,038,700**
Increases support by $51.0 million CTF reflecting revenue impact on the CTF from the October 2025 Transportation Funding Package. In addition to its use for transit capital grants, in the proposed Executive budget this line would also be used to provide capital grants for marine passenger systems formerly appropriated from the Marine passenger service line item (See. Item #20 above).	Federal	146,941,600	0
	Local	31,000,000	0
	Private	2,000,000	0
	Restricted	67,851,900	51,038,700
	GF/GP	$0	$0
23. Vanpooling	**Gross**	**$400,000**	**($100,000)**
Reduces support to $300,000 CTF, $100,00 less than FY 2025-26.	Restricted	400,000	(100,000)
	GF/GP	$0	$0
24. Infrastructure Projects Authority Fund/Program	**Gross**	**$65,000,000**	**$0**
Retains $65.0 million line item first established in FY 2025-26, reflecting an Act 51 earmark of NRF revenue, part of the October 2025 Transportation Funding Package.	Restricted	65,000,000	0
	GF/GP	$0	$0
25. Marine and Ports Facility Assistance Program	FTE	0.0	4.0
The FY 2025-26 budget appropriated $5.3 million CTF for credit to the Marine and Ports Facility Fund. The FY 2026-27 appropriation would authorize expenditure from the fund to support a new Maritime and Port Facility Assistance office, including authorization for 4.0 FTE positions. The office would coordinate activity related to ports and administer grant funding from the Maritime and Port Facility Assistance Fund created in 2022 PA 159.	**Gross**	**$0**	**$5,294,700**
	Restricted	0	5,294,700
	GF/GP	$0	$0
26. Capital Outlay - Airport Improvement Program (AIP)	**Gross**	**$189,045,000**	**($7,735,200)**
Reduces state restricted State Aeronautics Fund support by $7.7 million to reflect revenue estimates. The FY 2025-26 appropriation of State Aeronautics Fund revenue was in excess of revenue estimates. The Executive budget assumes enactment of a bill to increase aircraft registration taxes. [This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement.]	Federal	155,000,000	0
	Local	17,500,000	0
	Private	2,000,000	0
	Restricted	14,545,000	(7,735,200)
	GF/GP	$0	$0
27. IIJA Airport Infrastructure Grants	**Gross**	**$115,000,000**	**$0**
Retains $115.0 million federal spending authority for a program of federal aid to public airports established under Division J of IIJA.	Federal	115,000,000	0
	GF/GP	$0	$0
28. Detroit Metropolitan Wayne County Airport	**Gross**	**$13,020,000**	**($6,585,000)**
Reduces state restricted Qualified Airport Fund support by $6.6 million to reflect revenue estimates. The FY 2025-26 appropriation of Qualified Airport Fund revenue was in excess of revenue estimates. The Qualified Airport Fund was established through 2015 amendments to the State Aeronautics Code.	Restricted	13,020,000	(6,585,000)
	GF/GP	$0	$0
29. Removal of FY 2025-26 One-Time Appropriations	**Gross**	**$28,828,800**	**($28,828,800)**
Removes $28.8 million Gross ($0.0 million GF/GP) of one-time funding that was included in the FY 2025-26 budget to support the following: • Maritime and Port Fund, ($5.3 million CTF) • Railroad Heritage Preservation, ($5.3 million CTF) • Non-motorized Trails, ($5.3 million CTF) • State Aeronautics Fund transfer ($5.3 million CTF) • Road Usage Charge Study and Pilot ($7.7 million MTF)	Restricted	28,828,800	(28,828,800)
	GF/GP	$0	$0
30. Coloma Salt Shed and Maintenance Facility (One-Time)	**Gross**	**$0**	**$5,168,100**
Includes $5.2 million STF (one-time) to rebuild salt shed and maintenance facility in Coloma.	Restricted	0	5,168,100
	GF/GP	$0	$0
31. Other Maintenance Facilities (One-Time)	**Gross**	**$0**	**$5,600,000**
Includes $5.6 million STF (one-time) for capital maintenance and repairs to maintenance facilities.	Restricted	0	5,600,000
	GF/GP	$0	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
32. Great Lakes Tunnel Project – Phase II Oversight (One-Time)	**Gross**	**$0**	**$4,100,000**
Provides $4.1 million (one-time) from the state restricted Michigan Infrastructure Fund for continued planning and construction oversight of the Great Lakes Tunnel project authorized under 2018 PA 359.	Restricted	0	4,100,000
	GF/GP	$0	$0
33. Economic Adjustments	**Gross**	**NA**	**$6,470,800**
Reflects increased costs of $6.5 million Gross ($0.0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	57,800
	Federal	NA	163,200
	Restricted	NA	6,249,800
	GF/GP	NA	$0

Major Boilerplate Changes from FY 2025-26

Sec. 206. Communication with the Legislature **– DELETED**
Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. *The Governor had previously indicated this section was unenforceable*.

Sec. 212. Restricted Fund Report **– DELETED**
Deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances. [This report is currently included in the annual budget presentation.]

Sec. 217. State Fiscal Recovery Funds Expended **– NEW**
Adds language that directs the state budget director to ensure State Fiscal Recovery Funds are expended by December 31, 2026, and any state fiscal recovery funds that would lapse after September 30, 2026 are automatically reappropriated for the same purpose as originally authorized.

Sec. 218. State Fiscal Recovery Funds Reallocation Authorization **– NEW**
Adds language that directs the state budget director to reallocate State Fiscal Recovery Funds that are in jeopardy of not meeting the expenditure deadline of December 31, 2026, and must notify the Legislature within 10 days after making the reallocation.

Sec. 219. Record Retention Policy **– DELETED**
Deletes section that prescribes the department's record retention policy.

Sec. 220. Report on Policy Changes for Public Act Implementation **– DELETED**
Deletes section that requires the department to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 227. Accessibility of Required Reports **– DELETED**
Deletes section that prescribes standards for report accessibility.

Sec. 228. E-Verify Requirement **– DELETED**
Deletes section that directs the department to require that all contractors and subcontractors agree to use the E-Verify system to verify that all people hired during the contract term are legally present and authorized to work in the United States. *The Governor had previously indicated this section was unenforceable*.

Sec. 234. Annual Legacy Costs **– DELETED**
Deletes section that Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2026.

Sec. 235. Report on Annual Strategic Plan **– DELETED**
Deletes section that requires the department to provide to standard report recipients a copy of its annual strategic plan.

Sec. 236. ***State Obligations*** – **DELETED**
Deletes section that requires the department to report on court settlements that may require legislative review of statutory programs or regulations.

Sec. 237. Private and Third-Party Funds **– DELETED**
Deletes section that requires the department to report on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and source of funding, the purpose, and the amount of any remaining funds.

Major Boilerplate Changes from FY 2025-26

Sec. 309. Pavement Marking Material **– DELETED**
Deletes section that establishes specific criteria for procurement of pavement marking materials.

Sec. 312. Property Management **– DELETED**
Deletes reporting requirement on the utilization of department properties, including, but not limited to, salt storage facilities, garages, and regional offices.

Sec. 388. I-375 Project Prohibition **– DELETED**
Deletes section prohibiting the department from spending funds appropriated in part 1 in support of a federal aid grant for an I-375 project in Detroit. *(The State Budget Office indicates that this section is unenforceable as a violation of the separation of powers provisions of the Michigan Constitution.)*

Sec. 502. Movable Bridge Fund **– NEW**
Authorizes carryforward of the unencumbered and unexpended balance in the Movable Bridge Fund for uses in local agency bridge inspection program.

Sec. 651. Neighborhood Roads Fund **– NEW**
Directs that funds from the Neighborhood Roads Fund be distributed and appropriated to the Local Grade Separation Fund, Comprehensive Transportation Fund, Infrastructure Projects Authority Fund, and the State Trunkline Fund, in accordance with this part and part 1 and section 13c of 1951 PA 51.

Sec. 652. Neighborhood Roads Fund **– NEW**
Indicates that at the close of the fiscal year, any unencumbered and unexpended balance in the neighborhood roads fund not previously allocated under sections (a) through (e) of section 13c(5) of 1951 PA 51 remains in the Neighborhood Roads Fund and carries forward and is appropriated to local road agencies and the State Trunkline Fund according to section 13c(5) of 1951 PA 51.

Sec. 705. Rail Abandonment Notice **– DELETED**
Deletes section that requires MDOT to notify legislature when railroad companies file for abandonment of lines.

Sec. 720. Farebox Recovery Intent Language **– DELETED**
Deletes section that indicates legislative intent that transit agencies strive to achieve at least 6% farebox recovery.

Sec. 721. Maritime and Port Facility Fund **– DELETED**
Deletes section that directs the one-time FY 2025-26 $5.3 million part 1 appropriation be credited to the Maritime and Port Facility Fund created in 2022 PA 159.

Sec. 723. Non-Motorized Trails **– DELETED**
Deletes section that directs the one-time FY 2025-26 $5.3 million part 1 appropriation be used to establish and maintain a system of nonmotorized trails. *(The State Budget Office has indicated that this appropriation is considered unenforceable as a violation of Article 4, Section 25, of the Michigan Constitution, which prohibits the amendment of another public act by reference.)*

Sec. 724. State Aeronautics Fund Deposit **– DELETED**
Deletes section that directs the one-time FY 2025-26 $5.3 million part 1 appropriation be credited to the State Aeronautics Fund and used for capital improvements at general aviation airports in this state. *(The State Budget Office has indicated that while the appropriation of CTF funds for credit to the State Aeronautics Fund is an authorized use of the CTF under Act 51, the designation of the appropriation for General Aviation airports in boilerplate section 724 is unenforceable as a violation of Article 4, Section 25, of the Michigan Constitution, which prohibits the amendment of another public act [the State Aeronautics Code] by reference.)*

Sec. 753. Railroad Heritage Preservation **– DELETED**
Deletes section that directs use of the one-time FY 2025-26 $5.3 million part 1 appropriation; directs the department to establish a railroad heritage preservation program to provide funding to organizations for the promotion of railroading in Michigan with a focus on Michigan railroad history. Directs the department to administer the program as a competitive grant program.

Sec. 802. Air Service Prioritization **– DELETED**
Deletes section that establishes priority use of the air service appropriation, including for the department to re-establish and maintain air service between Marquette and Lansing with priority service for emergencies, routine travel for elected state officials, and other uses. *(The State Budget Office has indicated that this appropriation is considered unenforceable as a violation of Article 4, Section 25, of the Michigan Constitution, which prohibits the amendment of another public act by reference.)*

Major Boilerplate Changes from FY 2025-26

***Sec. 1001. Great Lakes Tunnel Project – Phase II Oversight* – NEW**
Establishes the part 1 appropriation as a work project in order to support planning, construction oversight, and administration of the Great Lakes Tunnel Project by the Mackinac Straits Corridor Authority, in accordance with section 14d of 1952 PA 214, MCL 254.324d.

***Sec. 1005. Road Usage Charge Pilot Project* – DELETED**
Deletes one-time language defining road usage charge study funded in FY 2025-26 at $7.7 million MTF.

Supplemental Recommendations for FY 2025-26 Appropriations		FY 2025-26 Recommendation
1. Local Grade Separation Fund/Rail Grade Separation Fund Unappropriates $40.0 million from the Neighborhood Roads Fund and reappropriates $40.0 million from the Local Grade Separation Fund (for a net $0 change) to effectuate expenditures out of the proper funds receiving new distributions under the 2025 transportation funding package. After this correction, the spending authority for the Local Grade Separation Program would be $40.0 million with the Local Grade Separation Fund as the fund source.	**Gross** Restricted GF/GP	**$0** 0 $0
2. Infrastructure Projects Authority Program/Fund Unappropriates $65.0 million from the Neighborhood Roads Fund and reappropriates $65.0 million from the Infrastructure Projects Authority Fund (for a net $0 change) to effectuate expenditures out of the proper funds receiving new distributions under the 2025 transportation funding package. After this correction, the spending authority for the Infrastructure Projects Authority Program will be $65.0 million with the Infrastructure Projects Authority Fund as the fund source. In addition, the supplemental request includes three new boilerplate sections to effectuate the new Act 51 revenue distributions established under the October 2025 Transportation Funding Package. These sections provide budgetary authority for the internal statutory distribution of the Neighborhood Roads Fund under Sec. 13c; provides for year-end excess revenue distributions from the Neighborhood Roads Fund under Sec. 13c(5), and provides authority for any year-end unencumbered and unexpended balance in the Movable Bridge Fund for local bridge inspections as required in Sec. 11g of 1951 PA 51.	**Gross** Restricted GF/GP	**$0** 0 $0