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DEPARTMENT OF TRANSPORTATION
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16 April 2026

Transportation Partners:

Maine's transportation system is a long-term commitment, but it is under immediate financial stress from several fronts.

The current 2026-2027-2028 Work Plan is \$300 million less than the previous edition yet still includes **\$130 million of state funding without an identified source. The true state structural funding gap is larger, but without action to provide this \$130M, MaineDOT will be forced to remove critical projects and delay needed investments across the state that have already been programmed in the Work Plan.**

At the same time, uncertainty at the federal level creates real risk. If Congress fails to pass a new federal transportation bill by September 30, 2026; and if a federal shutdown occurs, Maine could temporarily lose access to federal funds during the most productive part of the construction season. Even when passed, the transportation bill could change the amounts and dynamics of our funding. In past disruptions, the state has relied on its own funds to keep projects moving and ensure contractors are paid. Without available state funds, projects will stall.

Meanwhile, cost pressures are rising:

- Asphalt, fuel, and labor costs continue to increase,
- Projects initiated today will generate costs over the next 1–3 years, and
- Funding disruptions during this period would directly impact active construction.

First, to lessen the impact of a potential federal shutdown this fall, we must take action now. Once contracts are executed MaineDOT has limited ability to manage the rate and timing of expenditures. As outlined in the attached "Revision to Construction Advertising Schedule" six paving projects will be removed from the Capital Advertise Schedule and will be reprioritized as part of the development of the 2027-2028-2029 Work Plan.

Second, with no resolution to the \$130 million state structural funding gap during the Legislative session, and with no viable alternatives appear on the horizon, MaineDOT is now forced to cut or delay major portions of significant programs in the 2026–2027-2028 Work Plan. This reduction will represent \$65 million in state funding, and may include reductions to the following programs:

- Municipal Partnership Projects (~\$30 million total investment)
- 350 miles of light capital paving (\$20 million state)
- 250 miles of federal paving (\$125 million total investment)
- Transit and active transportation projects (~\$7–8 million total)

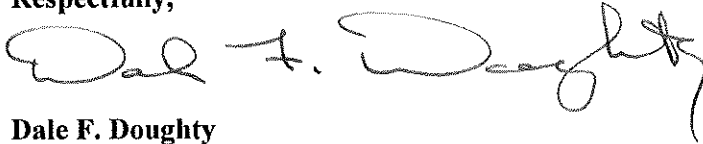
In total, this equates to approximately \$182 million in lost transportation investment.

Lists of affected projects will be published in the coming months. If the remaining structural gap is not addressed in 2027, additional cuts of similar magnitude will follow.

This is not a one-time issue. Maine's transportation system faces a recurring structural funding gap that has been managed with temporary solutions for years, including General Fund Bonding, General Fund Transfers and TransCAP Bonding. That approach is no longer sustainable.

As mentioned, this Work Plan was reduced from the last by \$300 million (\$120 in Highway and Bridge alone), based on what we knew at the time. Since that time the outlook has changed considerably. New and emerging threats to funding and pricing stability continue to develop, these evolving risks are outlined in the attached "MaineDOT Work Plan Funding Risk Assessment" which illustrates how the funding outlook has changed between November-December 2025 and April 2026. We recognize the impact these decisions have on you and your teams. MaineDOT remains committed to working collaboratively with our transportation partners as we navigate these challenges and make prudent, thoughtful adjustments.

Respectfully,

A handwritten signature in black ink, appearing to read "Dale F. Doughty". The signature is written in a cursive style with a prominent initial "D" and a long, sweeping tail.

Dale F. Doughty



Revisions to Construction Advertising Schedule
April 16, 2026

As the Maine Department of Transportation (MaineDOT) has indicated over the last two months, there have been a series of developments that will impact both our CY 26-27-28 Work Plan and the 2026 Construction Advertise Schedule (CAS). MaineDOT and State and National organizations are monitoring these risk factors closely so that we can assess actions necessary to manage or soften the impact on the traveling community and our contracting partners. MaineDOT needs to take timely, measured and well-reasoned actions only as is necessary. Earlier this week we engaged industry partners to discuss the risk factors we see developing and explained why we must begin to take this first step in modifying our advertising schedule.

Prudent fiscal management requires us to make this first revision now with the possibility of further advertising adjustments later this year. As part of these adjustments, we are closely monitoring project bids we receive and as always, may reject those that require significantly more funding than we have made available based on current engineering estimates.

The following project schedules are being adjusted immediately:

- WIN 28098.00 Fort Kent, Route 1, Current CAS projection 4/15/2026, will be delayed and reevaluated in the development of the next Work Plan.
- WIN 29684.00 Newport-Dexter Route 7, Current CAS projection 4/15/2026, will be delayed and reevaluated in the development of the next Work Plan.
- WIN 28340.00 Saco, Route 1, Current CAS projection 4/22/2026, will be delayed and reevaluated in the development of the next Work Plan.
- WIN 29680.00 Holden-Dedham, Route 1A Current CAS projection 4/22/2026, will be delayed and reevaluated in the development of the next Work Plan.
- WIN 22458.00 Rockland Route 1, Current CAS projection 4/29/2026, will be delayed and reevaluated in the development of the next Work Plan.
- WIN 26338.00 Brunswick – Current CAS projection 4/15/2026, will be delayed and rescheduled for construction in CY 2027.

Every project in MaineDOT's plans represents needed work and will impact travelers; there are no easy choices in this effort. Projects removed from the advertising schedule this year are being selected based upon several factors including safety, customer impacts, highway priority, asset condition, the timing of anticipated expenditures, and available funding sources.

Contracts signed today have 1, 2-and 3-year expense patterns depending on scope. To lessen, manage, or soften the impacts, action must be taken now, with more likely to come.

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MaineDOT Work Plan Funding Risk Assessment

Current Risk	Risk item	Fall 2025	Spring 2026	Impact
H	Overall Work Plan	Work Plan assessment was stable overall; some minor reduction in revenue and increased costs projected; reduced by \$300M of which Highway and Bridge capital was \$121M less than the previous plan.	There are a number of risk factors that when taken as a group put delivery of the Work Plan and this years Capital Advertise Plan (CAP) at risk.	A modest reduction of \$50M in the (CAP) in April was necessary to soften the impacts in late CY 2026 and early 2027. A significant reduction in the Work Plan will be needed unless several risks can be abated including the State DOT Structural Gap.
H	October Federal Shutdown	After the fall federal shutdown it appeared that Transportation Reauthorization and the FY 2027 reauthorization bill were getting traction. This would have meant that transportation funds might not be subject to a general federal shutdown, as have often been the case in the past.	Congress continues to hold an appropriations bill for Homeland Security and there seems to be much less traction in Congress on both the reauthorization and appropriations bill.	If reauthorization and a 2027 appropriations bill are not signed into law by October 1, 2027 and Congress does not pass a Continuing Resolution (CR), portions of the federal government will shut down again. This time agencies like FHWA and FTA will not have advanced appropriations and all federal disbursement will very likely cease, except those already obligated in the federal system. MaineDOT contracts will continue to generate expenses that could not be paid. To lessen those impacts some modest adjustment to the CAS is prudent at this time.

MaineDOT Work Plan Funding Risk Assessment

Current Risk	Risk Item	Fall 2025	Spring 2026	Impact
H	\$130M FY 2028 State Work Plan Funding Gap	As the workplan was being built conversations with the Department of Administration and Finance indicated that the State had bonding capacity of \$100M or more. There appeared to be some legislative support to provide a onetime fix.	There does not appear to be the necessary Legislative support for bonding at this time. Bills for \$100M and \$65M (1/2 the need) have been proposed and neither has garnered support at this time	Bridge and other large contracts executed today will have expenses in SFY 2028. Shorter duration contracts such as paving executed this fall will also have expenses in SFY 2028. Once contracts are signed MaineDOT has little control over the timing of expenses and it would be prohibitively costly to slow contracts. Therefore cuts to the Work Plan would need to begin in the Spring/Summer of 2026 to adjust for the potential funding gap.
H	Fuel Prices	Fuel prices were stable and lower than recent years	Given global instability of oil producing and refining regions, fuel prices have become unstable.	This directly affects the costs of ongoing and future bids projects and transportations of project components. It will also have an indirect but significant impact on HF revenue in the next two and a half years.
H	Commodity Prices	Commodity prices had stabilized after the Covid-19 pandemic.	Fuel price instability will have a direct impact on asphalt, followed by other energy dependent commodities such as steel and concrete.	MaineDOT and other DOTs are bracing for commodity price increases. Asphalt prices nationally have already increased. Bid prices as well as asphalt and other escalators in MaineDOT present a risk moving forward.

MaineDOT Work Plan Funding Risk Assessment

Current Risk	Risk Item	Fall 2025	Spring 2026	Impact
M	Federal Transportation Reauthorization	<p>Congress appeared to be working on an early 5-year reauthorization bill that included consolidation of programs into core flexible formula funding.</p> <p>The current bill expires Sept 30, 2026</p>	<p>Currently there appears to be little work in congress in the reauthorization bill. With other national discussions and mid-term elections industry groups are skeptical a bill will be passed before September 30, 2026. There is now talk if provisions reducing flexibility and introducing more set asides.</p> <p>These projects have been released and most have grant agreements.</p>	<p>Not having a reauthorization bill later this summer continues current federal funding levels with no growth. Core funding flexibility is key to align state priorities with funding eligibility. Some Work Plan Adjustments are likely.</p>
M	Large Grant Projects Timing	<p>Last fall there were a number of large grant projects pending at FHWA HQ.</p>		<p>This is not new but the timing of when these need to be delivered is short. Managing them within the grant amounts, so they do not consume additional funding, may be challenging.</p> <p>Grant requirements could prioritize grant funding over traditional asset management investment in some cases.</p>
M	State Funding	<p>Trans CAP is confined to a predetermined list of projects and cannot be used to cushion federal funding irregularities. We assumed that that role would be filled by the source filling the structural gap, like General Fund Bonding.</p>	<p>Based on discussions described above it does not seem like the structural gap will be filled.</p>	<p>Without filling the structural gap, MaineDOT's ability manage state and federal funding in tradition ways is limited. We use "advanced construction" techniques by using state funding to recover federal funds when available for reimbursement.</p>