

16 APR 2026

Fitch Rates Texas State University System's Series 2026ABC RFS Bonds 'AA'; Outlook Stable

Fitch Ratings - Austin - 16 Apr 2026: Fitch Ratings has assigned a 'AA' rating to the following bonds issued by Texas State University System's (TSUS) Board of Regents on behalf of TSUS: \$573.7 million series 2026A revenue financing system (RFS) revenue and refunding bonds, \$29.7 million taxable series 2026B RFS refunding bonds, and \$158.8 million series 2026C (forward delivery) RFS refunding bonds,. The series 2026 ABC bonds are expected to price on May 5, 2026.

Fitch also affirmed TSUS's Issuer Default Rating (IDR) and various outstanding RFS bonds at 'AA' and the RFS extendible CP (ECP) program with RFS CP notes, series A and taxable series B at 'F1+'.

The Rating Outlook is Stable.

The 'AA' IDR and RFS bond rating reflect TSUS's growing enrollment base and strong state support that underpin a solid and resilient financial profile, inclusive of sizeable capital and debt plans. A history of strong adjusted cash flow margins largely offsets a relatively high and likely increasing debt burden.

The 'F1+' short-term rating reflects the system's 'AA' IDR, in combination with strong self-liquidity coverage from highly liquid resources.

SECURITY

The series 2026 ABC and outstanding RFS bonds are secured by all legally available revenues, funds, and balances of TSUS. Pledged revenues specifically exclude state appropriations and restricted funds. The RFS CP notes are on parity with the outstanding RFS bonds.

KEY RATING DRIVERS

Revenue Defensibility - 'aa'

Solid Enrollment Growth Trend

TSUS serves primarily resident undergraduates and a growing graduate student population. Average annual FTE student gains totaled 3.7% over the last five fiscal years, reflective of steady strengthening since fall 2021. Sound demand fundamentals are supported by a solid Texas (IDR AAA/Stable) demographic profile and TSUS's reach throughout the state.

TSUS additionally benefits from diversified revenues, with net tuition and auxiliary revenues contributing around 39% of fiscal 2025 total unrestricted operating revenues, followed by state

support contributing about 29% of the same.

Operating Risk - 'a'

Capital Plans Consider External Support

The 'a' Operating Risk assessment counterbalances TSUS's strong operating cost flexibility and adjusted cash flow margins of typically no less than 12% against its sizeable capital and near-term debt plans. The assessment also reflects Fitch's view that a commensurate increase in supporting resources over time should broadly align with TSUS's capital spending requirements and future leverage plans.

Financial Profile - 'aa'

Leverage Receives Some State Support

TSUS' Financial Profile remains resilient at 'aa' over a period of moderate investment and revenue pressure in Fitch's modeled stress scenario, even when factoring in the series 2026 bonds and other preliminarily planned debt. This assumption importantly considers TSUS's strong 'aa' Revenue Defensibility assessment and the estimated 22% of TSUS's total debt principal approved for the state's capital construction assistance project (CCAP) debt service reimbursement.

This support is not pledged to bondholders and is subject to biennial approval of the Texas legislature. Texas has a long history of making CCAP (previously TRB) debt service funding on time and in full. At about 76% available-funds (AF)-to-adjusted debt, the effective burden of TSUS's leverage is somewhat overstated because of this support.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Trend of declining enrollment and/or fundamentally weaker demand indicators systemwide;
- Sustained Fitch-adjusted cash flow margins below approximately 8%;
- Significant and sustained declines in state operating and capital support, including unexpected loss of annual state appropriations for capital construction assistance projects/tuition revenue bond (CCAP/TRBs) debt service;
- Material and unexpectedly higher debt leverage, such that available funds-to-adjusted debt is diminished to roughly 30%.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Significantly stronger and sustained Fitch-adjusted cash flow margins exceeding 18%;
- Improved leverage position with AF -to-adjusted debt increasing toward 80%-100%.

PROFILE

The system's largest enrolled institutions are Texas State University (37,959 FTE in fall 2025 (FY2026) and Sam Houston State University (17,060 FTE), with proximity to the expansive Austin-San Antonio or Houston MSAs. The diversity of member institutions by geography and programmatic focus benefits TSUS. The system has achieved consistent enrollment and revenue growth even through periods of mild volatility at individual institutions.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Texas State University System (TX)	LT IDR	AA	Affirmed	AA
<ul style="list-style-type: none"> Texas State University System (TX) /General Revenues/ 1 LT 	LT	AA	Affirmed	AA
<ul style="list-style-type: none"> Texas State University System (TX) /General Revenues/ 1 ST 	ST	F1+	Affirmed	F1+

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[U.S. Public Finance College and University Rating Criteria \(pub.19 Sep 2023\) \(including rating assumption sensitivity\)](#)

U.S. Public Sector, Revenue-Supported Entities Rating Criteria (pub.10 Jan 2025) (including rating assumption sensitivity)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v2.0.1 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

Texas State University System Board of Regents (TX) EU Endorsed, UK Endorsed

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