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Texas State University System Board of Regents (TX): Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'aa' Sound Growth Prospects for System; Strong State Funding Support TSUS serves students across seven campuses in several regions of the state of Texas (AAA/Stable). Its student base has generally tracked flat to modest growth in recent years, although full time enrollment (FTE) rose by a robust nearly 5% yoy to 69,936 in fall 2023 (fiscal 2024) or 91,334 in headcount. Applications are reportedly up year-to-date for fall 2024, and further TSUS enrollment expansion is anticipated by management over the next few years. Management reports student housing occupancy remains strong (96% in fall 2023) at nearly all of TSUS' four-year institutions, bolstered in part by limitations inherent in a low inventory of student housing. Fitch expects sound demand fundamentals will generate similar trends over the intermediate term. TSUS' revenue base is strong and fairly diverse, with additional pricing power, if needed. The system also benefits from the state's strong funding framework for operations and capital. Net tuition/fees and auxiliary revenue contributed a more typical 45% of fiscal 2023 adjusted total operating revenues, followed by 28% from state appropriations.

ACCESS REPORT

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