## STATE OF TEXAS

# CAPITAL EXPENDITURE PLAN

## Fiscal Years 2028-2029

Including Supplemental Information
through Fiscal Year 2031

Submitted to
Governor's Office of Budget, Planning & Policy
Legislative Budget Board

**Texas Bond Review Board**

**September 1, 2026**

# TEXAS BOND REVIEW BOARD

# Fiscal Years 2027-2031
# CAPITAL PLANNING ANALYSIS AND OVERVIEW

**Capital Planning Review and Approval Process**

Senate Bill 1, Article IX, Section 11.03 of the 89th Legislature directed the Texas Bond Review Board (BRB) to produce the state's Capital Expenditure Plan (CEP) for the 2028-2029 fiscal biennium.

The legislation specifies that all state agencies and higher educational institutions appropriated funds by the General Appropriations Act (GAA) are required to report capital planning information for projects that fall within the following four specific project areas: (1) acquisition of land and other real property; (2) construction of buildings and facilities; (3) renovations of buildings and other facilities estimated to exceed $5 million in the aggregate for a single state agency or institution of higher education; and (4) major information resources projects estimated to exceed $5 million.

The BRB developed program guidelines, instructions, and a formal process for submission of capital projects based on the legislative mandate with the assistance of various state agencies including the Governor's Office of Budget, Planning & Policy (GOBPP), Legislative Budget Board (LBB), Texas Higher Education Coordinating Board (THECB), Texas Facilities Commission (TFC), and agency input from BRB staff.

From a budgetary and capital planning standpoint, several state agencies work together to coordinate the budgetary and capital reporting and approval process for state agencies. They include the GOBPP, LBB, THECB, TFC, Comptroller of Public Accounts (CPA), House Appropriations Committee (HAC), and Senate Finance Committee (SFC).

The legislature defines the types of projects and cost thresholds to be reported in the CEP. The BRB coordinates the submission of capital projects for the CEP, develops the report, and determines the effect of the additional capital requests on the state's budget and debt capacity. The completed plan is then provided to the GOBPP and the LBB to develop recommended appropriations to the legislature. The GOBPP and LBB also assess short-term and long-term budget needs. Through the HAC and SFC, the legislature makes the final decisions on projects to be funded for the two-year biennial period. Approved capital and operating budgets are integrated into the GAA, which authorizes specific debt issuance for capital projects.

In 2016 the LBB added the CEP report summary as an addendum to the Strategic Plan report.

Through the capital budgeting process, capital projects are approved for the two-year biennial period (2028-2029). However, the CEP reports on the preceding year (2026) and the two following years (2030-2032) for identifying long-term needs of the state and for future planning purposes.

**Inventory Control of Capital Assets**

Individual state agencies and institutions of higher education maintain capital inventory listings on an annual basis. In addition to the CEP, the biennial Master Facilities Plan Report, produced by TFC, addresses current and projected office inventory and space needs, as well as methods for meeting those needs in a cost-effective manner. This report is also used to assist with the development of appropriation requests in the state's budget cycle. Decisions on whether facilities should be purchased, constructed, sold, renovated, or leased are supported in this document. The process also assesses capacity and determines the best use for existing facilities.

Additionally, the state maintains a complete inventory of capital assets for all state agencies that is updated annually. The CPA collects information provided by each reporting entity through the State Property Accounting System, and the State Auditor's Office monitors inventory and asset control systems as part of its management control and performance audits, also known as economy and efficiency audits.

The THECB maintains a Facilities Inventory for institutions of higher education and identifies available square footage as well as the replacement value for that space. State institutions of higher education are also required to report annually to the THECB information on planned construction projects and deferred maintenance. The THECB uses this information to produce a five-year Campus Master Plan document which guides the agency in its evaluation and approval of campus construction and land acquisition projects.

**Capital Expenditure Plan for 2028-2029**

The CEP is divided into two main parts:

Part One compiles the data submitted by the agencies and institutions of higher education and presents them in four ways:

- Functional Areas of Government;
- Categories of Expenditures;
- Sources of Funding; and
- Debt Financing by Functional Area.

Part Two gives an overview of Texas's state debt and its general obligation ratings.

This report is meant to serve as a general overview of the data received from the reporting agencies. An Excel copy of the raw data, with individual project detail, can be requested from Bond Review Board staff by emailing capital@brb.texas.gov.

In developing the CEP for the 2028-2029 biennium with supplemental information through fiscal year 2031, the BRB received information from 89 state entities and institutions of higher education reporting 1,193 capital project request submissions totaling $129.12 billion through fiscal years 2031 and beyond. Of that amount, the CEP reports an estimated $22.86 billion in expenditures in fiscal year 2027, $27.02 billion in fiscal year 2028, $26.95 billion in fiscal year 2029, $23.67 billion in fiscal year 2030, and $28.62 billion in fiscal years 2031 and beyond.

Anticipated total expenditures were $133.49 billion in the 2026-2027 CEP as compared to $129.12 billion reported in the 2028-2029 CEP.

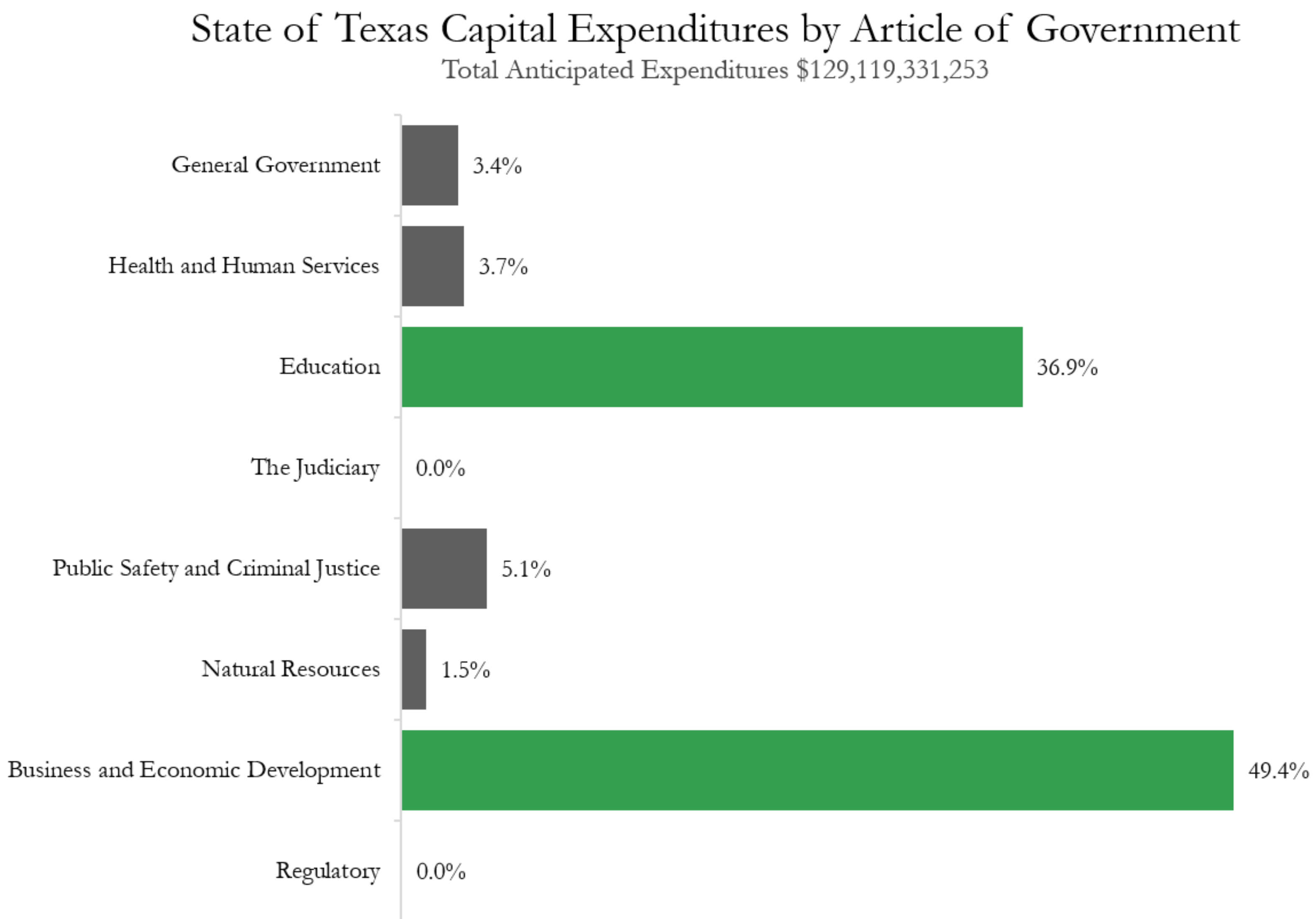
## Functional Areas of Government

The state's GAA separates Texas state agencies and institutions of higher education into eight different "Articles" that group government agencies into functional units. Two government functional areas reported 86.3 percent of the planned capital expenditures for the fiscal years 2027-2031 reporting period: Business and Economic Development, which includes the Texas Department of Transportation (TxDOT), accounts for the largest portion of expenditures at 49.3 percent; and Education comprises 36.9 percent of the total anticipated expenditures.

The following table and chart group the planned capital expenditures by functional area of government.

| Functional Area as listed in GAA | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures | % of Total |
|---|---|---|---|---|---|---|---|
| General Government | $ 763,686,321 | $ 735,596,808 | $ 707,279,635 | $ 728,362,434 | $ 1,409,032,757 | $ 4,343,957,955 | 3.4% |
| Health and Human Services | 1,116,773,304 | 1,090,658,751 | 1,000,810,673 | 734,922,266 | 875,170,779 | 4,818,335,773 | 3.7% |
| **Education** | 7,191,199,949 | 9,316,121,579 | 11,472,373,524 | 8,641,355,535 | 10,977,611,030 | 47,598,661,617 | **36.9%** |
| The Judiciary | - | 10,326,331 | - | - | - | 10,326,331 | 0.0% |
| Public Safety and Criminal Justice | 285,455,191 | 1,603,203,301 | 584,300,906 | 1,058,886,833 | 3,026,869,277 | 6,558,715,508 | 5.1% |
| Natural Resources | 340,705,216 | 464,520,050 | 325,100,494 | 375,373,505 | 417,019,909 | 1,922,719,174 | 1.5% |
| **Business and Economic Development** | 13,159,277,703 | 13,785,554,842 | 12,843,473,401 | 12,116,949,420 | 11,910,212,321 | 63,815,467,687 | **49.4%** |
| Regulatory | - | 15,788,520 | 18,202,896 | 14,462,896 | 2,692,896 | 51,147,208 | 0.0% |
| **Total** | 22,857,097,684 | 27,021,770,182 | 26,951,541,529 | 23,670,312,889 | 28,618,608,969 | **$ 129,119,331,253** | 100% |

* Totals may not sum due to rounding


State of Texas Capital Expenditures by Article of Government
Total Anticipated Expenditures $129,119,331,253
General Government
3.4%
Health and Human Services
3.7%
Education
36.9%
The Judiciary
0.0%
Public Safety and Criminal Justice
5.1%
Natural Resources
1.5%
Business and Economic Development
49.4%
Regulatory
0.0%

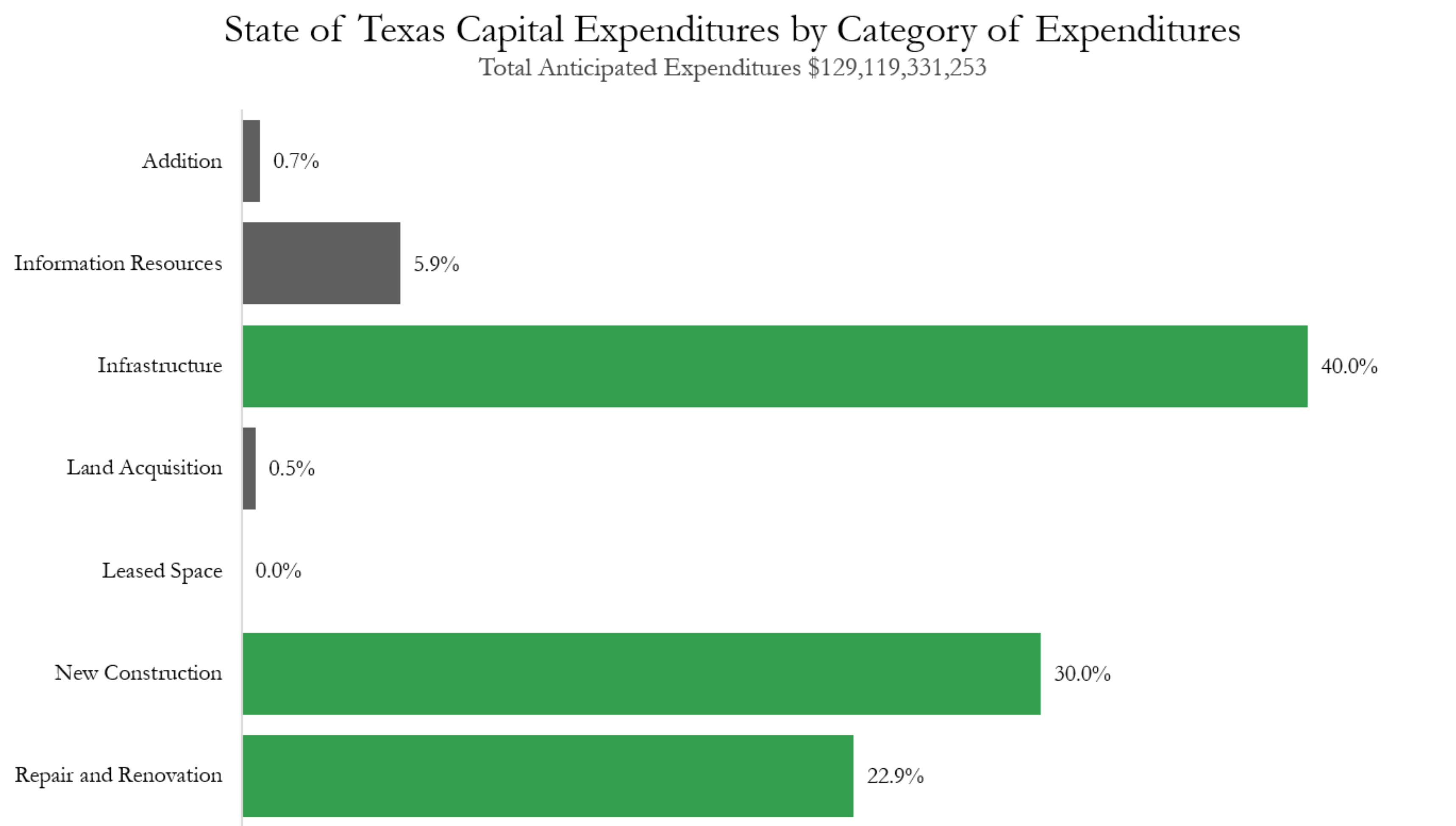
**Categories of Expenditures**

State agencies and institutions of higher education are required to report planned capital expenditures using the categories as shown in the table below. Infrastructure is the largest category for the fiscal years 2027-2031 reporting period, accounting for 40.0 percent, followed by New Construction at 30.0 percent, and Repair and Renovation at 22.9 percent. These three categories account for 92.9 percent of the total planned capital expenditures.

The Infrastructure and New Construction categories only capture the estimated amount of funds needed to complete each anticipated project but do not account for additional maintenance and operation costs after project completion.

| Category | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures | % of Total |
|---|---|---|---|---|---|---|---|
| Addition | $ 162,223,875 | $ 275,562,750 | $ 230,123,132 | $ 116,161,000 | $ 79,886,000 | $ 863,956,757 | 0.7% |
| Information Resources | 1,659,452,981 | 1,735,829,681 | 1,479,168,705 | 1,306,802,070 | 1,473,820,903 | 7,655,074,340 | 5.9% |
| **Infrastructure** | 10,254,856,761 | 10,919,711,311 | 10,422,015,628 | 9,333,775,981 | 10,696,863,633 | 51,627,223,314 | **40.0%** |
| Land Acquisition | 75,663,316 | 353,200,000 | 86,202,945 | 59,700,000 | 77,957,500 | 652,723,761 | 0.5% |
| Leased Space | - | - | - | - | - | - | 0.0% |
| **New Construction** | 4,987,720,920 | 7,395,905,022 | 9,344,462,676 | 7,454,006,645 | 9,508,067,345 | 38,690,162,608 | **30.0%** |
| **Repair and Renovation** | 5,717,179,831 | 6,341,561,418 | 5,389,568,443 | 5,399,867,193 | 6,782,013,588 | 29,630,190,473 | **22.9%** |
| **Total** | 22,857,097,684 | 27,021,770,182 | 26,951,541,529 | 23,670,312,889 | 28,618,608,969 | **$ 129,119,331,253** | 100% |

* Totals may not sum due to rounding

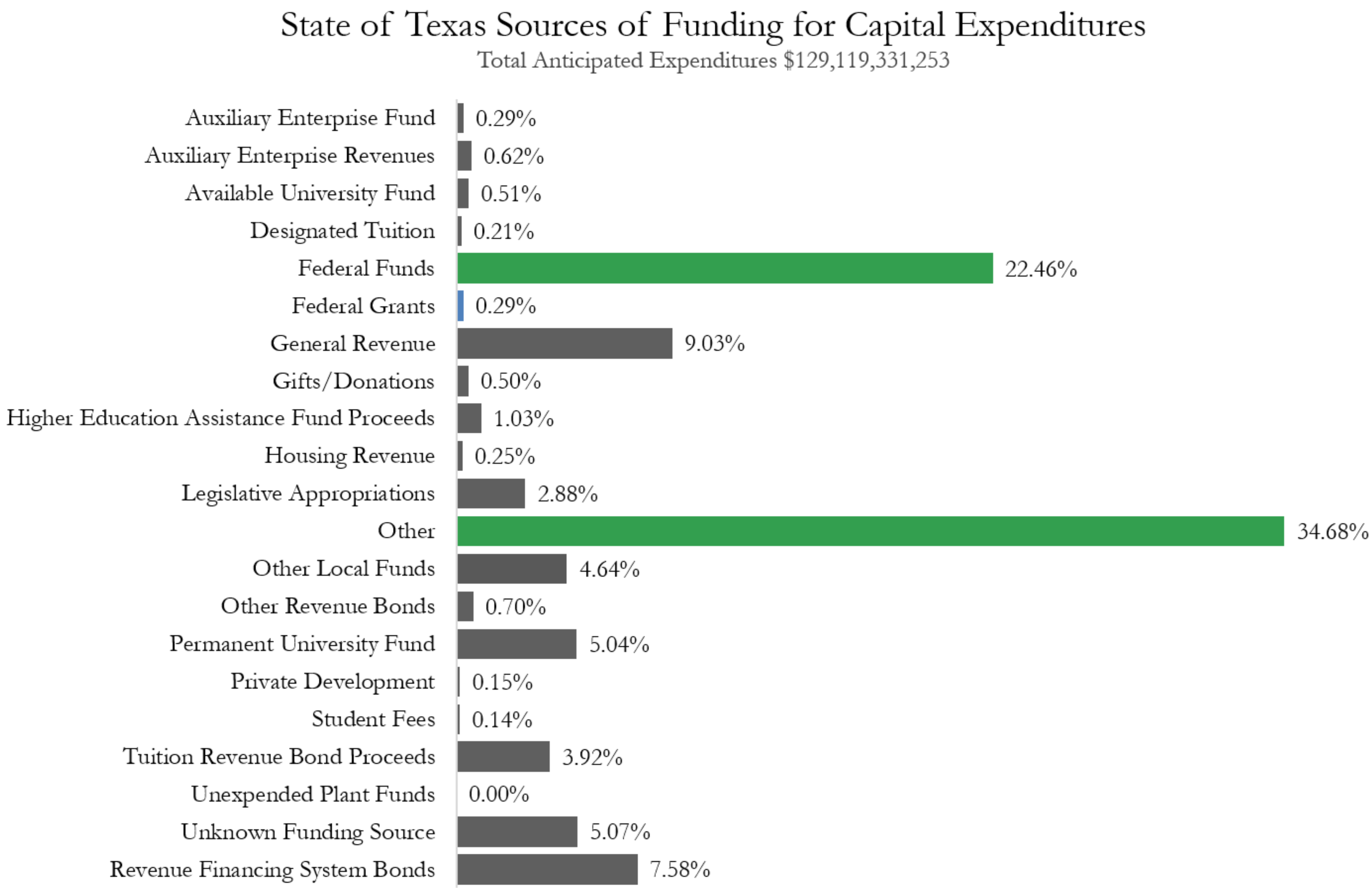

State of Texas Capital Expenditures by Category of Expenditures
Total Anticipated Expenditures $129,119,331,253
Addition
0.7%
Information Resources
5.9%
Infrastructure
40.0%
Land Acquisition
0.5%
Leased Space
0.0%
New Construction
30.0%
Repair and Renovation
22.9%

## Sources of Funding

State agencies and institutions of higher education reported 21 funding source categories to pay for their capital projects. The "Other" fund source category, which includes sources such as indirect cost recoveries, institutional funds, interest income, State Highway Fund, and Texas Mobility Fund, is the largest source of funds for capital planning at 34.7 percent. Federal Funds is the second-largest portion of funding at 22.5 percent.

| Source Funds | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total | % of Total |
|---|---|---|---|---|---|---|---|
| Auxiliary Enterprise Fund | $ 4,500,000 | - | $ 5,250,000 | $ 16,175,000 | $ 354,575,000 | $ 380,500,000 | 0.29% |
| Auxiliary Enterprise Revenues | 379,263,800 | 35,738,267 | 58,191,467 | 41,863,467 | 289,699,999 | 804,757,000 | 0.62% |
| Available University Fund | 374,295,000 | 158,481,000 | 95,854,000 | 27,532,000 | - | 656,162,000 | 0.51% |
| Designated Tuition | 115,730,028 | 37,580,000 | 36,980,000 | - | 75,500,000 | 265,790,028 | 0.21% |
| **Federal Funds** | 5,868,417,934 | 5,995,920,373 | 5,772,161,959 | 5,719,346,223 | 5,641,729,406 | 28,997,575,895 | **22.46%** |
| Federal Grants | 75,442,180 | 134,346,176 | 156,275,750 | 3,260,000 | - | 369,324,106 | 0.29% |
| General Revenue | 1,296,720,962 | 2,306,062,988 | 1,465,790,804 | 1,895,663,419 | 4,701,194,469 | 11,665,432,642 | 9.03% |
| Gifts/Donations | 166,462,290 | 103,664,000 | 84,994,000 | 48,300,000 | 240,385,000 | 643,805,290 | 0.50% |
| Higher Education Assistance Fund Proceeds | 499,327,723 | 148,521,077 | 172,348,000 | 91,986,000 | 423,680,000 | 1,335,862,800 | 1.03% |
| Housing Revenue | 35,340,680 | 129,127,000 | 137,800,000 | 17,550,000 | 3,000,000 | 322,817,680 | 0.25% |
| Legislative Appropriations | 593,234,900 | 1,367,769,221 | 558,329,695 | 429,970,522 | 773,081,366 | 3,722,385,704 | 2.88% |
| **Other** | 9,095,434,427 | 10,113,941,128 | 10,045,638,376 | 8,098,283,722 | 7,423,070,844 | 44,776,368,497 | **34.68%** |
| Other Local Funds | 1,312,269,095 | 1,265,034,464 | 1,232,489,143 | 1,185,060,284 | 990,867,496 | 5,985,720,482 | 4.64% |
| Other Revenue Bonds | 492,051,274 | 249,881,442 | 106,508,500 | 37,916,000 | 23,328,000 | 909,685,216 | 0.70% |
| Permanent University Fund | 784,435,504 | 1,586,446,666 | 1,560,193,804 | 904,673,362 | 1,667,403,601 | 6,503,152,937 | 5.04% |
| Private Development | 6,000,000 | 50,000,000 | 55,000,000 | 71,000,000 | 14,000,000 | 196,000,000 | 0.15% |
| Student Fees | 13,230,000 | 26,460,000 | 33,460,000 | 10,500,000 | 97,200,000 | 180,850,000 | 0.14% |
| Tuition Revenue Bond Proceeds | 383,040,952 | 604,727,710 | 1,087,538,974 | 1,193,122,082 | 1,786,872,877 | 5,055,302,595 | 3.92% |
| Unexpended Plant Funds | 6,000,000 | - | - | - | - | 6,000,000 | 0.00% |
| Unknown Funding Source | 422,783,697 | 987,382,272 | 1,652,690,109 | 2,008,138,652 | 1,478,176,972 | 6,549,171,702 | 5.07% |
| Revenue Financing System Bonds | 933,117,238 | 1,720,686,398 | 2,634,046,948 | 1,869,972,156 | 2,634,843,939 | 9,792,666,679 | 7.58% |
| **Total** | 22,857,097,684 | 27,021,770,182 | 26,951,541,529 | 23,670,312,889 | 28,618,608,969 | **$129,119,331,253** | 100% |

* Totals may not sum due to rounding


State of Texas Sources of Funding for Capital Expenditures
Total Anticipated Expenditures $129,119,331,253
Auxiliary Enterprise Fund 0.29%
Auxiliary Enterprise Revenues 0.62%
Available University Fund 0.51%
Designated Tuition 0.21%
Federal Funds 22.46%
Federal Grants 0.29%
General Revenue 9.03%
Gifts/Donations 0.50%
Higher Education Assistance Fund Proceeds 1.03%
Housing Revenue 0.25%
Legislative Appropriations 2.88%
Other 34.68%
Other Local Funds 4.64%
Other Revenue Bonds 0.70%
Permanent University Fund 5.04%
Private Development 0.15%
Student Fees 0.14%
Tuition Revenue Bond Proceeds 3.92%
Unexpended Plant Funds 0.00%
Unknown Funding Source 5.07%
Revenue Financing System Bonds 7.58%

*General Revenue*

General Revenue (GR) is estimated to provide $11.67 billion or 9.0 percent of the total sources of funding for anticipated expenditures. Of this amount, state agencies accounted for $11.42 billion (97.9 percent), including an estimated $4.44 billion for the Texas Department of Criminal Justice, which represented 38.1 percent of the total GR funding sources. Institutions of higher education accounted for $246.3 million (2.1 percent).

*Federal Funds*

Federal Funds accounts for 22.5 percent of the total source of funding reported in the 2028-2029 CEP. Of the $29.00 billion in federal funds, TxDOT represents 91.3 percent of the total with an estimated $26.46 billion of anticipated expenditures.

*Revenue Financing System Bonds, Tuition Revenue Bonds, Permanent University Fund, and Higher Education Assistance Funds*

Institutions of higher education reported expected proceeds from Revenue Financing System (RFS) Bonds of $9.79 billion, 7.58 percent of the total expected source of funds. Permanent University Fund proceeds of $6.50 billion are the second-largest source of funds for higher education institutions and account for 5.04 percent of the total source of funds. Funding from the Tuition Revenue Bond is estimated to be $5.06 billion (4.11 percent), and Higher Education Assistance Fund proceeds are expected to be $1.34 billion (1.03 percent).

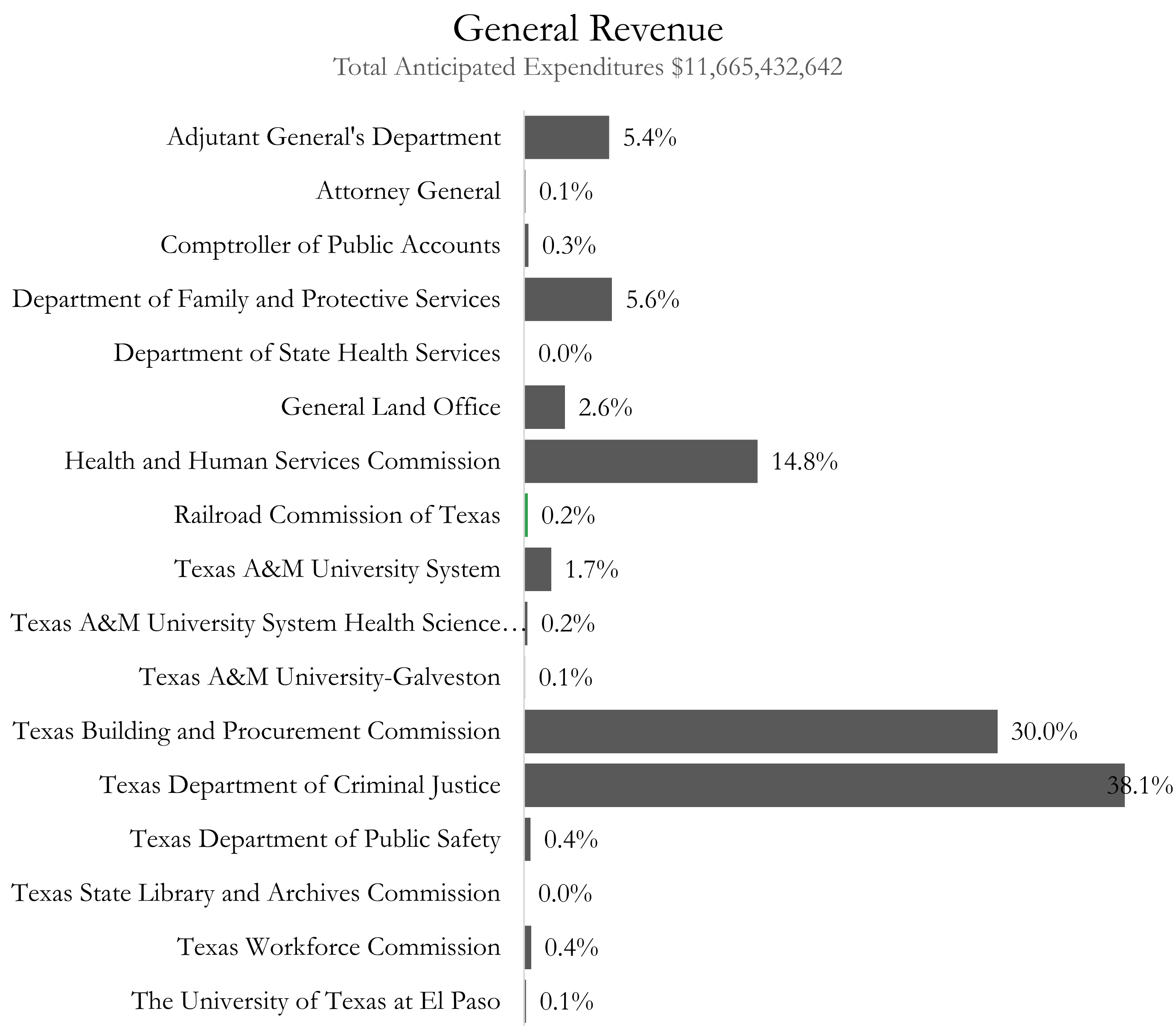
*Other*

The Other fund source category decreased 22.1 percent from $57.51 billion in the 2026-2027 CEP to $44.78 billion for the 2028-2029 biennium, $35.48 billion of which is attributable to TxDOT. The amount attributed to TxDOT includes projects to be funded from the Proposition 1 and Proposition 7 in the amount of $10.95 billion and $15.96 billion, respectively. TxDOT included projects for the state highway fund and mobility fund in the amounts of $7.36 billion and $1.05 billion, respectively. The issuance of $2 billion of mobility fund bonds to finance future project costs is included in this report. See debt financing of capital projects discussion on page 14 of this report.

*Legislative Appropriations*

Anticipated expenditures from Legislative Appropriations are estimated to be $3.72 billion or 2.9 percent of the total sources of funding. Fifteen state agencies and institutions of higher education submitted project costs requiring Legislative Appropriations. Of this amount, state agencies accounted for $3.28 billion (88.2 percent) with Texas Department of Public Safety and TxDOT representing most of these projects with $1.29 billion (34.6 percent) and $1.65 billion (44.4 percent), respectively. Institutions of higher education accounted for $440.4 million (11.8 percent) with University of Texas at Arlington reporting $114 million (3.1 percent).

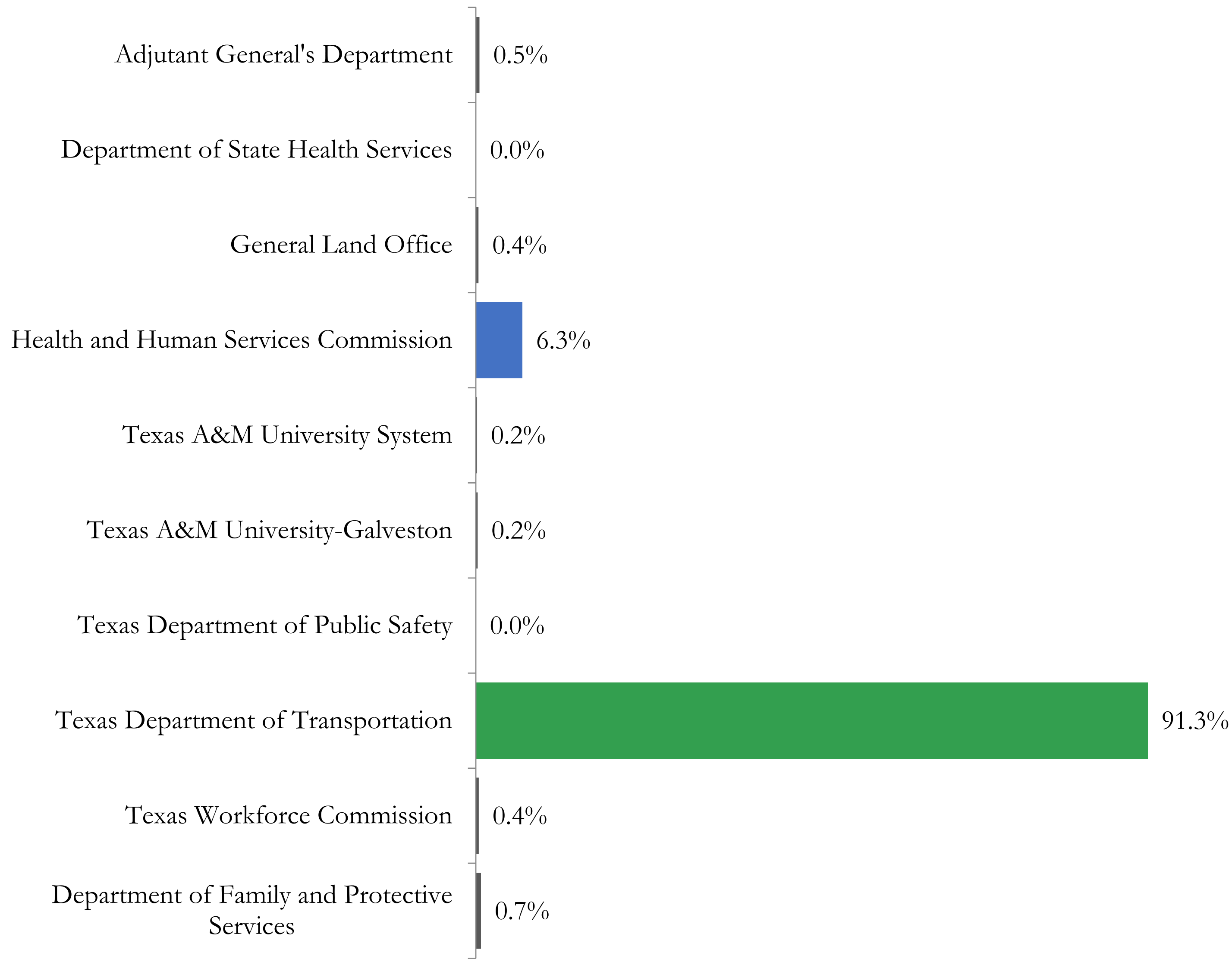
The following three charts represent the state entities and institutions of higher education that plan to utilize state and federal monies to finance ongoing and future projects.

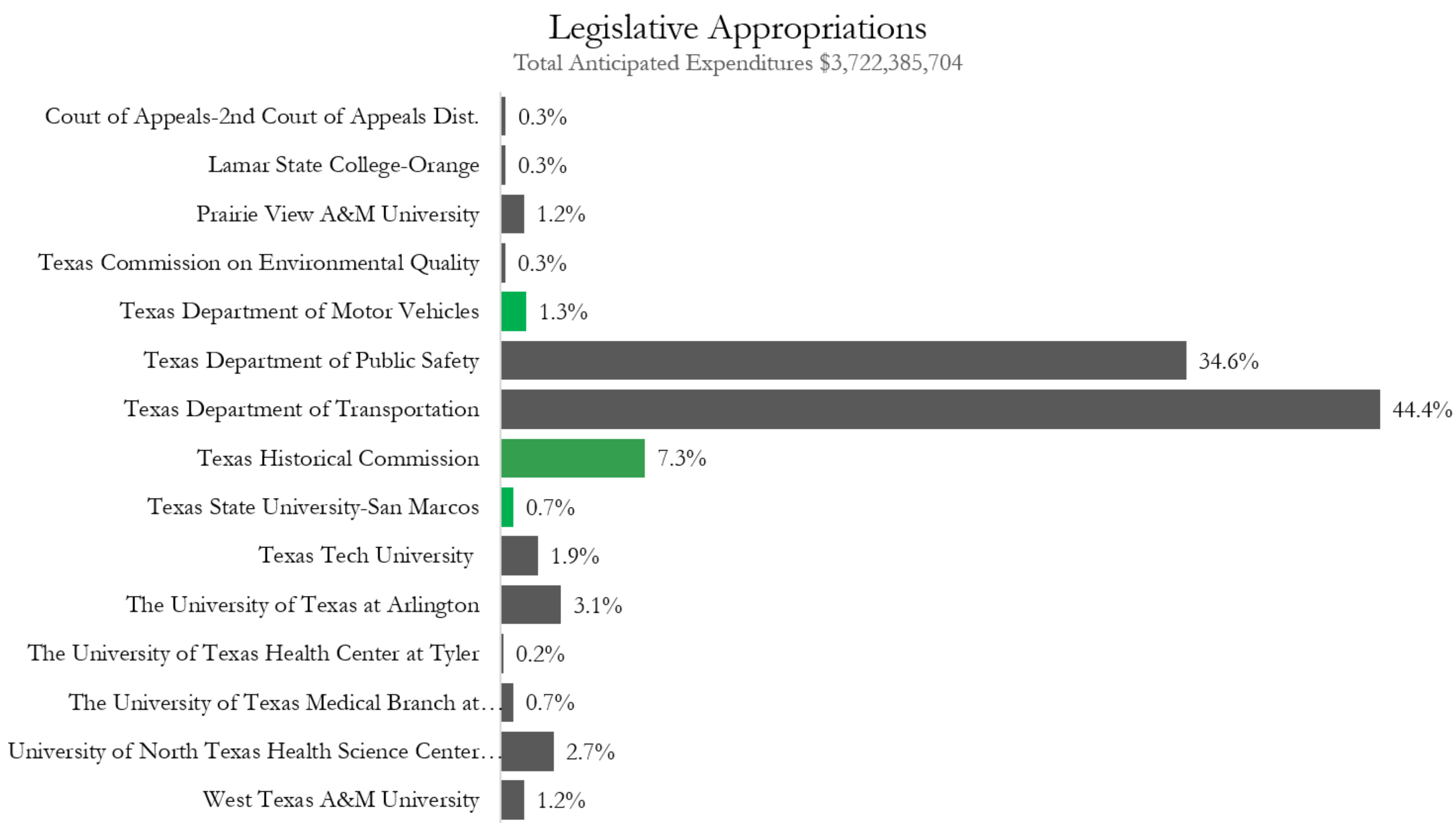


General Revenue
Total Anticipated Expenditures $11,665,432,642
Adjutant General's Department
5.4%
Attorney General
0.1%
Comptroller of Public Accounts
0.3%
Department of Family and Protective Services
5.6%
Department of State Health Services
0.0%
General Land Office
2.6%
Health and Human Services Commission
14.8%
Railroad Commission of Texas
0.2%
Texas A&M University System
1.7%
Texas A&M University System Health Science…
0.2%
Texas A&M University-Galveston
0.1%
Texas Building and Procurement Commission
30.0%
Texas Department of Criminal Justice
38.1%
Texas Department of Public Safety
0.4%
Texas State Library and Archives Commission
0.0%
Texas Workforce Commission
0.4%
The University of Texas at El Paso
0.1%

## Federal Funds

Total Anticipated Expenditures $28,997,575,895




Legislative Appropriations
Total Anticipated Expenditures $3,722,385,704
Court of Appeals-2nd Court of Appeals Dist.
0.3%
Lamar State College-Orange
0.3%
Prairie View A&M University
1.2%
Texas Commission on Environmental Quality
0.3%
Texas Department of Motor Vehicles
1.3%
Texas Department of Public Safety
34.6%
Texas Department of Transportation
44.4%
Texas Historical Commission
7.3%
Texas State University-San Marcos
0.7%
Texas Tech University
1.9%
The University of Texas at Arlington
3.1%
The University of Texas Health Center at Tyler
0.2%
The University of Texas Medical Branch at…
0.7%
University of North Texas Health Science Center…
2.7%
West Texas A&M University
1.2%

## Debt Financing of Capital Projects

Texas ranks low in total general obligation state debt outstanding at approximately $518 per capita. Although most of the state's debt is non-general obligation, self-supporting debt, a portion is classified as general obligation, not self-supporting debt and is used for certain projects including transportation, water development, and cancer research. General obligation, not self-supporting debt has increased steadily from $400 million on August 31, 1986, but over the past 10 years this debt decreased from $5.92 billion on August 31, 2015, to $5.88 billion on August 31, 2025. Recent growth in both state population and not self-supporting debt outstanding is reviewed and analyzed in the state's Debt Affordability Study. This study focuses on total not self-supporting debt and outlines the impact of additional not self-supporting debt, future debt-service requirements, and the constitutional debt limit.

Of the 1,193 projects submitted for the 2028-2029 CEP, 358 (30.0 percent) are expected to be financed through the issuance of debt. These projects are estimated to cost $25.47 billion and account for 19.7 percent of total expenditures projected in the 2028-2029 CEP. Debt service (principal plus interest payments) on these projects total $1.79 billion and $2.24 billion for fiscal year 2028 and fiscal year 2029, respectively. Total debt service over the life of all capital projects expected to be financed with debt is $45.41 billion.

| Functional Area | FY 2027 P&I | FY 2028 P&I | FY 2029 P&I | FY 2030 P&I | FY 2031 & Beyond P&I | Total Expected P&I | % of Total |
|---|---|---|---|---|---|---|---|
| General Government | - | $ 11,440,000 | $ 38,042,817 | $ 38,042,817 | $ 673,330,714 | $ 760,856,348 | 1.7% |
| Health and Human Services | - | - | - | - | - | - | 0.0% |
| Education | 955,012,437 | 1,618,676,424 | 2,042,695,619 | 2,208,507,869 | 33,931,136,393 | 40,756,028,742 | 89.8% |
| The Judiciary | - | - | - | - | - | - | 0.0% |
| Public Safety and Criminal Justice | - | - | - | - | - | - | 0.0% |
| Natural Resources | - | - | - | - | - | - | 0.0% |
| Business and Economic Development * | 155,715,000 | 155,717,100 | 155,714,500 | 155,713,600 | 3,270,025,100 | 3,892,885,300 | 8.6% |
| Regulatory | - | - | - | - | - | - | 0.0% |
| **Total** | 1,110,727,437 | **1,785,833,524** | **2,236,452,936** | 2,402,264,286 | 37,874,492,207 | **$ 45,409,770,390** | 100% |

* Totals may not sum due to rounding

* BRB calculated the estimated debt service for TxDOT's potential $2 billion mobility fund bond issuance using a 25-year term, 6 percent interest rate, and level debt service structure.

**State Debt Overview**

The following table sets forth the state's total general obligation debt for which the full faith, credit, and taxing power of the state are pledged, and non-general obligation debt outstanding sorted by self-supporting and not self-supporting categories as of February 28, 2026

**Debt Outstanding as of February 28, 2026 (Amounts in thousands)**

| | | |
|---|---|---|
| **General Obligation Debt** | | |
| Total Self-Supporting | $11,265,870 | 13.8% |
| Total Not Self-Supporting | $5,805,725 | 7.1% |
| **Total General Obligation Debt** | **$17,071,595** | **20.9%** |
| **Non-General Obligation Debt** | | |
| Total Self-Supporting | $49,135,322 | 60.1% |
| Total Not Self-Supporting | $851,425 | 1.0% |
| Conduit Debt | $14,717,660 | 18.0% |
| **Total Non-General Obligation Debt** | **$64,704,407** | **79.1%** |
| **Total Debt Outstanding** | **$81,776,002** | **100%** |

* Totals may not sum due to rounding

Authorized but unissued debt may be issued at any time without further legislative action, but the issuance requires BRB approval. Certain authorized but unissued debt requires debt service appropriations prior to issuance. The following table sets forth the state's total general obligation and non-general obligation, authorized but unissued debt sorted by self-supporting and not self-supporting categories as of February 28, 2026.

**Authorized But Unissued Debt**
**as of February 28, 2026**
**(Amounts in thousands)**

| | | |
|---|---|---|
| **General Obligation Debt** | | |
| Total Self-Supporting | $10,474,029 | 47.8% |
| Total Not Self-Supporting | $2,537,686 | 11.6% |
| **Total General Obligation Debt** | **$13,011,715** | **59.3%** |
| **Non-General Obligation Debt** | | |
| Total Self-Supporting | $8,395,137 | 38.3% |
| Total Not Self-Supporting | $517,932 | 2.4% |
| **Total Non-General Obligation Debt** | **$8,913,069** | **40.7%** |
| **Total Authorized but Unissued Debt** | **$21,924,784** | **100%** |

* Totals may not sum due to rounding

The state's Constitutional Debt Limit provides that additional state debt may not be authorized if the maximum annual debt service on debt payable from general revenue, including authorized but unissued debt, exceeds 5 percent of the average annual unrestricted general revenue for the previous three fiscal years. As of August 31, 2025, the constitutional debt limit stood at 1.58 percent, consisting of 0.88 percent for outstanding debt and 0.69 percent for authorized but unissued debt.

**Developments Affecting State Debt**
The state's credit ratings are an important determinant of interest rates on the state's bond offerings and therefore directly affect the cost-effectiveness of the state's debt issuance. Credit rating agencies consider the following four primary factors when rating state debt:

*Economy* - population trends, wealth, economic diversity, economic stability, and infrastructure needs;
*Finances* - change in major general revenue sources, change in permanent positions, spending per capita, general fund balances, rainy day fund balance, accounting and financial reporting practices, tax and revenue administration, and investment practices;
*Debt* - pay down price for net long-term debt, net debt per capita, net debt as a percent of personal income, net debt as a percent of tax valuation, annual debt service on net debt as a percentage of general fund, and pension liabilities; and
*Management* - coherent structure of governance, constitutional constraints, initiatives and referenda, executive branch controls, mandates to balance budget, and fund reserve policies.

Texas's general obligation (GO) debt is rated Aaa/AAA/AAA/AAA by Moody's Investors Service (Moody's), Standard & Poor's (S&P), Fitch Ratings (Fitch), and Kroll Bond Rating Agency (Kroll), respectively. All four rating agencies maintain their outlook is stable.

*Recent Reports from the Rating Agencies*
On August 26, 2026, S&P's outlook for the state's AAA GO rating is stable and stated, "The stable outlook reflects our expectation that proactive financial management will ensure stable cash flows that meet program goals and objectives. It reflects our expectation that management would take appropriate steps to cure any revenue shortfalls in the respective SWIRFT accounts. The outlook also incorporates our expectation of a relatively consistent ratio of program leverage relative to liquid SWIFT assets and assistance fund holdings. Finally, it incorporates our expectation that borrower concentration in the pool of PSOs will not materially increase."

On July 10, 2026, Moody's outlook for Texas's Aaa GO rating is stable and stated, "The Aaa rating, the same as the state's issuer rating reflects several strengths: Texas boasts a dynamic economy expected to outpace national trends, strong population growth fuels robust employment gains, and sizable budget reserves shield against economic volatility. Prudent fiscal management and sound governance further reinforce the state's credit. While the state's bonded debt remains low, this advantage is tempered by elevated long-term liabilities driven by past pension underfunding. The general obligation rating also reflects the state's full faith and credit pledge to pay the bonds."

On July 13, 2026, Kroll reaffirmed the AAA GO rating and stable outlook for Texas and stated, "The State's broad and diverse economy is among the fastest growing in the Nation, conservative budget procedures and financial management practices support consistently strong reserve levels and operating flexibility, and the debt burden is low in terms of direct debt per capita and debt expense as a percentage of expenditures. Credit challenges include increasing fiscal pressure to fund the necessary infrastructure to keep up with economic and population growth, specifically in the areas of transportation and education. The stable outlook reflects the strength of the State's broad and dynamic economy as well as its consistent maintenance of large reserves which position it well to weather the business and commodity price cycles."

On May 14, 2026, Fitch reaffirmed its AAA rating and stable outlook of Texas' GO debt and stated, "Texas' 'AAA' Long-Term IDR reflects its growth-oriented economy and ample fiscal flexibility reflecting conservative financial management and maintenance of substantial dedicated operating reserves in the Economic Stabilization Fund (ESF)."

Rating Challenges

The sometimes-overlapping conclusions reached by all four rating agencies reflect their collective judgment that several challenges may arise if Texas is faced with a low revenue environment. Among the most prominent and commonly cited of these problems are:

1) the state's heavy dependence on the sales tax without support from a state income tax;
2) issues related to unfunded pension liabilities, funding for public schools, and assistance programs such as Medicaid; and
3) the state's continued rapid population growth that will necessitate budget increases for operating costs as well as increases in capital expenditures for growing infrastructure needs, including transportation and water development.

## APPENDIX A

### Proposed Capital Expenditures by Functional Area of Government

This appendix provides a breakout of proposed capital expenditures by Functional Area of Government along with the agency or institution of higher learning proposing the capital expenditure.

| General Government | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| Attorney General | $ 1,200,000.00 | $ 7,000,000 | $ 8,000,000 | $ - | $ - | $ 16,200,000 |
| Comptroller of Public Accounts | 32,930,423 | - | - | - | - | 32,930,423 |
| State Preservation Board | - | 38,600,000 | - | - | - | 38,600,000 |
| Texas Building and Procurement Commission | 726,480,898.00 | 604,365,558 | 585,173,385 | 656,648,184 | 1,400,576,507 | 3,973,244,532 |
| Texas Historical Commission | - | 79,606,250 | 113,606,250 | 71,214,250 | 7,456,250 | 271,883,000 |
| Texas State Library and Archives Commission | 1,300,000 | 500,000 | 500,000 | 500,000 | 1,000,000 | 3,800,000 |
| Department of Information Resources | 1,775,000 | 5,525,000 | - | - | - | 7,300,000 |
| **Total** | 763,686,321 | 735,596,808 | 707,279,635 | 728,362,434 | 1,409,032,757 | **$ 4,343,957,955** |

| Health and Human Services | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| Department of State Health Services | $ 70,496,295 | $ 110,648,401 | $ 156,565,065 | $ 12,656,055 | $ 1,560,062 | $ 351,925,878 |
| Health and Human Services Commission | 945,286,003 | 829,783,455 | 693,907,715 | 572,039,316 | 572,990,421 | 3,614,006,910 |
| Department of Family and Protective Services | 100,991,006 | 150,226,895 | 150,337,893 | 150,226,895 | 300,620,296 | 852,402,985 |
| **Total** | 1,116,773,304 | 1,090,658,751 | 1,000,810,673 | 734,922,266 | 875,170,779 | **$ 4,818,335,773** |

| Education | | FY 2027 | | FY 2028 | | FY 2029 | | FY 2030 | | FY 2031 & Beyond | | Total Project Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Angelo State University | $ | 25,485,000 | $ | 44,324,000 | $ | 63,465,000 | $ | 57,694,360 | $ | 29,160,000 | $ | 220,128,360 |
| Lamar State College-Port Arthur | | - | | - | | - | | 7,000,000 | | 43,000,000 | | 50,000,000 |
| Lamar University | | 10,700,000 | | 50,200,000 | | 114,850,000 | | 31,100,000 | | 17,700,000 | | 224,550,000 |
| Midwestern State University | | - | | 52,990,000 | | 58,460,000 | | 61,960,000 | | 21,960,000 | | 195,370,000 |
| Prairie View A&M University | | 55,070,833 | | 98,047,000 | | 100,000,000 | | 52,000,000 | | - | | 305,117,833 |
| Sam Houston State University | | 3,100,000 | | 24,200,000 | | 47,500,000 | | 146,700,000 | | 185,685,000 | | 407,185,000 |
| Stephen F. Austin State University | | 34,850,000 | | 130,930,000 | | 364,400,000 | | 330,840,000 | | 263,150,000 | | 1,124,170,000 |
| Sul Ross State University | | 1,000,000 | | 1,000,000 | | 28,500,000 | | 31,000,000 | | 33,500,000 | | 95,000,000 |
| Tarleton State University | | 152,524,000 | | 277,048,000 | | 307,448,000 | | 191,000,000 | | 117,600,000 | | 1,045,620,000 |
| Texas A&M International University | | 6,360,000 | | 45,100,000 | | 69,140,000 | | 70,460,000 | | 19,140,000 | | 210,200,000 |
| Texas A&M University | | 198,125,220 | | 466,366,000 | | 525,214,000 | | 178,000,000 | | 26,000,000 | | 1,393,705,220 |
| Texas A&M University Engineer Extension Service | | 24,500,000 | | 49,000,000 | | 49,000,000 | | - | | - | | 122,500,000 |
| Texas A&M University San Antonio | | 9,920,000 | | 75,011,687 | | 125,782,000 | | 132,342,000 | | 158,400,000 | | 501,455,687 |
| Texas A&M University System | | 172,381,000 | | 286,083,000 | | 230,442,000 | | - | | - | | 688,906,000 |
| Texas A&M University System Health Science Center | | 24,205,000 | | 31,010,000 | | 20,000,000 | | - | | - | | 75,215,000 |
| Texas A&M University-Central Texas | | 7,804,461 | | 44,610,000 | | 73,610,000 | | 58,000,000 | | - | | 184,024,461 |
| Texas A&M University-Commerce | | 18,680,000 | | 40,420,000 | | 54,000,000 | | 79,200,000 | | 92,000,000 | | 284,300,000 |
| Texas A&M University-Corpus Christi | | 69,600,000 | | 142,800,000 | | 143,400,000 | | 31,200,000 | | 84,000,000 | | 471,000,000 |
| Texas A&M University-Galveston | | 72,451,491 | | 175,322,288 | | 252,792,361 | | 247,539,000 | | 40,164,000 | | 788,269,140 |
| Texas A&M University-Kingsville | | 29,720,000 | | 84,440,000 | | 176,520,000 | | 190,120,000 | | 183,000,000 | | 663,800,000 |
| Texas A&M University-Texarkana | | 16,567,600 | | 41,636,000 | | 88,829,104 | | 141,086,038 | | 234,188,000 | | 522,306,742 |
| Texas Southern University | | 761,239,227 | | - | | - | | - | | - | | 761,239,227 |
| Texas State Technical College System | | 3,904,849 | | 33,904,849 | | 406,780,597 | | 772,464,186 | | 376,652,928 | | 1,593,707,409 |
| Texas State Technical College-Fort Bend | | 14,906,293 | | 36,688,117 | | 30,773,075 | | 13,982,500 | | 4,991,250 | | 101,341,235 |
| Texas State Technical College-Harlingen | | 3,904,849 | | 14,594,715 | | 70,048,469 | | 122,658,030 | | 71,181,077 | | 282,387,140 |
| Texas State Technical College-Marshall | | 10,804,149 | | 21,850,434 | | 20,046,284 | | 21,289,166 | | 9,000,000 | | 82,990,033 |
| Texas State Technical College-North Texas | | 8,000,000 | | 4,000,000 | | - | | - | | - | | 12,000,000 |
| Texas State Technical College-Waco | | 35,438,375 | | 67,323,828 | | 77,743,606 | | 89,511,902 | | 43,653,750 | | 313,671,461 |
| Texas State Technical College-West Texas | | 10,741,349 | | 30,158,219 | | 47,463,378 | | 42,621,508 | | 18,968,809 | | 149,953,263 |
| Texas State University-San Marcos | | 22,575,000 | | 189,135,000 | | 270,956,000 | | 105,916,000 | | 25,328,000 | | 613,910,000 |
| Texas Tech University Health Sciences Center | | 38,752,380 | | 34,683,524 | | 89,274,524 | | 92,960,524 | | 202,010,048 | | 457,681,000 |

| Education Continued | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| Texas Tech University Health Sciences Center El Paso | $ 239,915,500.00 | $220,549,676.00 | $119,782,200.00 | $ 55,500,000.00 | $ 55,500,000.00 | 691,247,376 |
| Texas Woman's University | 32,633,334 | 79,833,333 | 95,483,333 | 67,983,334 | 56,666,666 | 332,600,000 |
| The University of Texas - Rio Grande Valley | 19,970,000 | 131,010,000 | 220,500,000 | 148,650,000 | 46,350,000 | $ 566,480,000 |
| The University of Texas at Arlington | 11,000,000 | 8,250,000 | 90,325,000 | 124,025,000 | 222,900,000 | 456,500,000 |
| The University of Texas at Austin | 1,556,066,589 | 1,497,945,423 | 1,676,224,674 | 572,262,674 | 483,678,590 | 5,786,177,950 |
| The University of Texas at Dallas | 513,250,000 | 209,000,000 | 358,000,000 | 286,640,000 | 1,027,000,000 | 2,393,890,000 |
| The University of Texas at El Paso | 201,744,605 | 188,011,301 | 188,907,300 | 111,346,800 | 25,200,000 | 715,210,006 |
| The University of Texas at San Antonio | 200,747,490 | 342,255,074 | 498,604,316 | 503,663,701 | 1,717,423,769 | 3,262,694,350 |
| The University of Texas at Tyler | 82,336,500 | 245,473,553 | 272,542,811 | 165,136,957 | 95,330,857 | 860,820,678 |
| The University of Texas Health Center at Tyler | 10,705,175 | 20,552,182 | 104,733,255 | 107,907,711 | 18,962,313 | 262,860,636 |
| The University of Texas Health Science Center at Houston | 180,000,000 | 654,162,607 | 920,550,000 | 678,793,000 | 738,021,771 | 3,171,527,378 |
| The University of Texas Health Science Center at San Antonio | 214,000,000 | 221,000,000 | 180,000,000 | 92,000,000 | 66,000,000 | 773,000,000 |
| The University of Texas MD Anderson Cancer Center | 1,016,614,667 | 943,307,081 | 951,378,328 | 1,044,356,799 | 888,149,637 | 4,843,806,512 |
| The University of Texas Medical Branch at Galveston | 331,261,399 | 423,043,362 | 350,220,815 | 145,389,264 | 32,967,859 | 1,282,882,699 |
| The University of Texas Rio Grande Valley - Medical School | 14,000,000 | 96,040,000 | 198,110,000 | 122,350,000 | 2,500,000 | 433,000,000 |
| The University of Texas Southwestern Medical Center at Dallas | 87,600,000 | 298,973,076 | 208,698,298 | 150,000,000 | 140,000,000 | 885,271,374 |
| University of Houston-Clear Lake | - | 6,676,750 | 9,192,700 | 10,342,700 | 292,341,850 | 318,554,000 |
| University of Houston-Downtown | 7,400,000 | 97,874,667 | 40,612,667 | 40,612,667 | 350,599,999 | 537,100,000 |
| University of Houston-Victoria | 15,000,000 | 84,450,000 | 182,650,000 | 196,400,000 | 27,500,000 | 506,000,000 |
| University of North Texas | 47,000,000 | 144,000,000 | 222,000,000 | 282,500,000 | 371,500,000 | 1,067,000,000 |
| University of North Texas at Dallas | - | 2,000,000 | 54,000,000 | 95,000,000 | 221,500,000 | 372,500,000 |
| University of North Texas Health Science Center at Fort Worth | 55,000,000 | 100,000,000 | - | - | - | 155,000,000 |
| West Texas A&M University | 54,396,708 | 120,815,000 | 146,180,000 | 111,420,000 | 31,600,000 | 464,411,708 |
| Lamar Institute of Technology | - | 25,000,000 | 25,000,000 | - | - | 50,000,000 |
| University of Houston System | - | 16,685,000 | 16,685,000 | 16,685,000 | 283,645,000 | 333,700,000 |
| Sul Ross State University-Rio Grande Campus | - | - | 4,821,429 | 19,285,714 | 20,892,857 | 45,000,000 |
| University of Houston | - | 44,400,000 | 44,400,000 | 75,145,000 | 1,338,955,000 | 1,502,900,000 |
| Texas A&M University Agrilife Research | 41,371,906 | 81,244,000 | 76,744,000 | - | - | 199,359,906 |
| Texas Tech University | 356,745,000 | 286,740,000 | 223,939,000 | 92,834,000 | 62,742,000 | 1,023,000,000 |
| The University of Texas Permian Basin | 42,690,000 | 59,272,833 | - | - | - | 101,962,833 |
| Lamar State College-Orange | 500,000 | 3,750,000 | 8,250,000 | 2,000,000 | 48,000,000 | 62,500,000 |
| Texas Tech University System | 15,940,000 | 70,930,000 | 77,400,000 | 24,480,000 | 11,250,000 | 200,000,000 |
| **Total** | 7,191,199,949 | 9,316,121,579 | 11,472,373,524 | 8,641,355,535 | 10,977,611,030 | **$ 47,598,661,617** |

| Regulatory | | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|---|
| Texas Department of Insurance | $ | - | $ 15,788,520 | $ 18,202,896 | $ 14,462,896 | $ 2,692,896 | $ 51,147,208 |
| **Total** | | - | **$15,788,520** | **$18,202,896** | **$14,462,896** | **$2,692,896** | **$ 51,147,208** |

| The Judiciary | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| Court of Appeals-2nd Court of Appeals Dist. | - | 10,326,331 | - | - | - | 10,326,331 |
| **Total** | - | 10,326,331 | - | - | - | 10,326,331 |

| Public Safety and Criminal Justice | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & | Total Project |
|---|---|---|---|---|---|---|
| Adjutant General's Department | $ 16,600,000 | $ 8,250,000 | $ 188,116,000 | $ 182,496,500 | $ 377,546,500 | $ 773,009,000 |
| Texas Department of Criminal Justice | 52,270,000 | 924,818,400 | 172,125,200 | 762,577,800 | 2,528,091,400 | 4,439,882,800 |
| Texas Department of Public Safety | 216,585,191 | 670,134,901 | 224,059,706 | 113,812,533 | 121,231,377 | 1,345,823,708 |
| **Total** | 285,455,191 | 1,603,203,301 | 584,300,906 | 1,058,886,833 | 3,026,869,277 | **$ 6,558,715,508** |

| Natural Resources | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| General Land Office | 221,850,840 | 305,852,268 | 201,050,494 | 83,010,505 | 58,982,751 | 870,746,858 |
| Parks and Wildlife Department | 92,530,833 | 153,867,782 | 119,250,000 | 292,363,000 | 358,037,158 | 1,016,048,773 |
| Railroad Commission of Texas | 26,323,543 | - | - | - | - | 26,323,543 |
| Texas Commission on Environmental Quality | - | 4,800,000 | 4,800,000 | - | - | 9,600,000 |
| **Total** | 340,705,216 | 464,520,050 | 325,100,494 | 375,373,505 | 417,019,909 | **$ 1,922,719,174** |

| Business and Economic Development | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| Texas Department of Motor Vehicles | $ 8,000,000 | $ 15,500,000 | $ 5,000,000 | $ 15,500,000 | $ 5,000,000 | $ 49,000,000 |
| Texas Department of Transportation | 13,119,651,642 | 13,650,058,119 | 12,838,473,401 | 12,084,108,683 | 11,905,212,321 | 63,597,504,166 |
| Texas Workforce Commission | 31,626,061 | 119,996,723 | - | 17,340,737 | - | 168,963,521 |
| **Total** | 13,159,277,703 | 13,785,554,842 | 12,843,473,401 | 12,116,949,420 | 11,910,212,321 | **$ 63,815,467,687** |

| | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 & Beyond | Total Project Expenditures |
|---|---|---|---|---|---|---|
| **Total State Expenditures** | 22,857,097,684 | 27,021,770,182 | 26,951,541,529 | 23,670,312,889 | 28,618,608,969 | **$ 129,119,331,253** |

## APPENDIX B

### Enabling Legislation – Capital Expenditure Plan

**Senate Bill 1, Article IX, Section 11.03**
**89th Legislature, Regular Session – 2025**

(a) An agency or institution of higher education appropriated funds by this Act shall supply to the Bond Review Board capital planning information relating to projects subject to this section and financing options for the 2028-2029 fiscal biennium in a format and according to guidelines developed by the Bond Review Board. Such information shall include:
   (1) a description of the project or acquisition;
   (2) the cost of the project;
   (3) the anticipated useful life of the project;
   (4) the timing of the capital need;
   (5) a proposed source of funds (method of financing);
   (6) a proposed type of financing; and
   (7) any additional related information requested by the Bond Review Board.

(b) The Bond Review Board shall compile a statewide capital expenditure plan for the 2028-29 fiscal biennium from the information submitted by agencies and institutions in accordance with the capital planning guidelines. Copies of the guidelines shall be filed with the Governor and the Legislative Budget Board no later than December 31, 2025. The Bond Review Board shall file copies of the capital expenditure plan for the period beginning September 1, 2026, with the Governor and the Legislative Budget Board no later than September 1, 2026.

(c) The statewide capital plan required by this section shall identify the state's capital needs and alternatives to finance these needs. The Bond Review Board shall review input from all state agencies and institutions regarding the agencies' and institutions' current and future capital needs as part of the strategic planning process. The Bond Review Board shall inform the Legislature on the possible budget impact of the capital plan on the state's debt capacity.

(d) This section applies to each anticipated state project requiring capital expenditures for:
   (1) land acquisition;
   (2) construction of building and other facilities;
   (3) renovations of buildings and other facilities estimated to exceed $5 million in the aggregate for a single state agency or institution of higher education; or
   (4) major information resources projects estimated to exceed $5 million.

(e) The Higher Education Coordinating Board and the Bond Review Board shall eliminate redundant reporting by consolidating this report and the Higher Education Coordinating Board's Master Plan report to the greatest extent possible.

**APPENDIX C**

**Notes on the Fiscal 2028-2029 Capital Expenditure Plan**

- Data collection was handled by using an online reporting system developed and managed by the Texas Higher Education Coordinating Board (THECB). The staff of the Bond Review Board (BRB) sincerely appreciates the hard work and professionalism of the staff of the THECB.

- To improve reporting by state agencies and institutions of higher education, the reporting threshold for all categories of expenditures was raised to $5 million in 2024. The prior reporting threshold was $1 million.

- TxDOT accounts for a large portion of the total capital expenditures because the 2028-2029 CEP considered anticipated expenditures for new road projects. Prior to the 2012-13 CEP report, TxDOT aligned the CEP reporting to the Legislative Appropriations Request (LAR). However, the LAR does not consider new road projects. To capture a more accurate picture of future capital expenditures, the BRB requested TxDOT submit estimated project cost for future road expenditures for the current CEP report.