Research Update:

Bryan Independent School District, TX 2026 Unlimited-Tax School Building Bonds Assigned 'AA-' Rating; Outlook Is Stable

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Overview

- S&P Global Ratings assigned its 'AAA' long-term rating (based on credit enhancement) and 'AA-' underlying rating to Bryan Independent School District, Texas' approximately $190 million series 2026 unlimited-tax school building bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' underlying rating on the district's general obligation (GO) debt outstanding.
- The outlook is stable.

Rationale

Security

The GO bonds are secured by revenue from unlimited ad valorem taxes on all taxable property within the district.

The 'AAA' rating reflects our view of the district's eligibility for, and participation in, the Texas Permanent School Fund (PSF) bond guarantee program, which provides for the payment of debt service on bonds guaranteed by the program, secured by the assets of the PSF of the state of Texas. (For more information, see "Texas Permanent School Fund Bond Guarantee Program Rating Affirmed At 'AAA'," Aug. 27, 2025.)

The stable outlook on the long-term program rating reflects Texas PSF's strength and liquidity.

Bond proceeds will be used to design, construct, renovate i, improve, upgrade, update, acquire, and equip school facilities, purchase the necessary site and new school buses, and pay the costs associated with the issuance of the bonds.

Credit highlights

The rating reflects our view of the district's growing economy, healthy reserves despite a trend of operating deficits, and elevated debt. Our assessment incorporates our view that the district's reserves will remain healthy during our outlook period given they have been sustained above 20% since 2023.

Negative financial performance in three of the past four years was driven by lower-than-projected enrollment, the absorption of previously Elementary and Secondary School Emergency Relief Fund (ESSER)-funded instructional positions into the general fund, and a one-time transfer from the general fund into the district's health insurance fund. In fiscal 2025, the district reported a deficit led by decreases in enrollment as the district saw a decrease of approximately 345 students between the 2024-2025 and 2025-2026 academic school years. With the depletion of ESSER funds, the district absorbed approximately $400,000 in personnel costs as it retained some of the positions it added during COVID to support smaller student-to-teacher ratios. Management is cutting expenditure by reducing instructional costs through attrition and has taken measures to stabilize enrollment through launching a virtual learning academy. The district eliminated approximately 20 positions in fiscal 2025-2026, resulting in approximately $3 million in annual savings. It projects a modest surplus-to-breakeven result for fiscal 2026. If the district is unable to achieve balanced-to-positive operations due to budget underperformance within our outlook period, it would likely prompt a negative rating action.

The rating also reflects our view of the district's:

- Location in the Bryan-College State metropolitan statistical area (MSA), which continues to experience residential and commercial growth anchored by Texas A&M University. As a result, we anticipate it will see steady assessed valuation (AV) growth.
- Healthy reserves despite recent deficits. We will continue to monitor the effects that the absorption of ESSER-funded positions has on the district's financial performance but believe Bryan ISD has sufficient reserves to cover any short-term pressures. For fiscal 2027, the district has adopted a balanced budget.
- Conservative budgeting practices, including the use of historical information to form its revenue and expenditure assumptions, monthly budget-to-actuals report provided to the board, a formal investment management policy, and a formal reserve policy based on cash-flow needs to maintain 60-90 days of operating expenses. The district maintains a formal debt policy, and as of fiscal 2026 completed a comprehensive facilities assessment to support its long-term capital planning efforts. We view the issuer's cyber-risk mitigation measures as consistent with our view of its credit fundamentals.
- Elevated debt liabilities, with costs expected to remain stable. The district anticipates issuing approximately $206 million in GO bonds through fiscal 2031.
- Pension and other postemployment benefit liabilities that we do not consider an immediate credit risk. The district participates in the Teacher Retirement System of Texas (TRS) and TRS-Care.
- Although physical risks are relevant for the local government sector, and we consider Bryan ISD's exposure to drought as slightly higher than that of national peers, we do not view them as a material factor in our credit analysis.
- For more information on our institutional framework assessment for Texas school districts, see "Institutional Framework Assessment: Texas Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our expectation that the district will make the necessary budgetary adjustments to achieve structural balance and maintain a healthy level of reserves, which include the committed portion.

Downside scenario

We could lower the rating if the district does not return to structural balance as projected in fiscal years 2026 and 2027.

Upside scenario

We could raise the rating if the district's economy and financial performance improves, and debt moderates significantly, assuming all else remains stable or improves.

Bryan Independent School District, Texas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.99
Economy	4.0
Financial performance	3
Reserves and liquidity	1
Management	2.35
Debt and liabilities	3.25

Bryan Independent School District, Texas--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	74	--	74	74
County PCPI % of U.S.	73	--	73	72
Market value ($000s)	13,619,689	13,659,238	13,561,873	11,683,215
Market value per capita ($)	121,443	121,795	123,196	108,902
Top 10 taxpayers % of taxable value	10.9	11.4	11.0	10.6
County unemployment rate (%)	3.3	3.6	3.4	3.4
Local median household EBI % of U.S.	87	87	79	87
Local per capita EBI % of U.S.	83	83	79	85
Local population	112,149	112,149	110,084	107,282
Financial performance				
Operating fund revenues ($000s)	--	179,565	160,467	168,520
Operating fund expenditures ($000s)	--	190,260	152,701	172,576
Net transfers and other adjustments ($000s)	--	(1,610)	921	861
Operating result ($000s)	--	(12,305)	8,687	(3,195)
Operating result % of revenues	--	(6.9)	5.4	(1.9)
Operating result three-year average %	--	(1.1)	0.9	(0.5)
Enrollment	--	16,044	15,897	--
Reserves and liquidity				
Available reserves % of operating revenues	--	22.5	29.2	23.0

Bryan Independent School District, Texas--key credit metrics

	Most recent	2025	2024	2023
Available reserves ($000s)	--	40,457	46,893	38,796
Debt and liabilities				
Debt service cost % of revenues	--	16.4	13.2	12.9
Net direct debt per capita ($)	3,753	2,208	2,344	2,308
Net direct debt ($000s)	420,932	247,651	257,988	247,632
Direct debt 10-year amortization (%)	45	50	59	--
Pension and OPEB cost % of revenues	--	3.0	3.0	3.0
NPLs per capita ($)	--	628	681	655
Combined NPLs ($000s)	--	70,393	75,006	70,284

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$190,100,000 Bryan Independent School District, Texas, Unlimited Tax School Building Bonds, Series 2026, dated: Date of Delivery, due: February 15, 2051	
Long Term Rating	AAA/Stable
Underlying Rating for Credit Program	AA-/Stable
Ratings Affirmed	
Local Government	
Bryan Indpt Sch Dist, TX Unlimited Tax General Obligation	AA-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.