STATE DEBT:
Overview and Affordability
2025

OKLAHOMA
State Treasurer

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EXECUTIVE SUMMARY

Record Issuance in 2025

Bond issuance by state governmental entities totaled nearly $3.4 billion in calendar year 2025, nearly double the issuance volume completed in 2024. The increase was driven primarily by the $1.3 billion deal for the Oklahoma Turnpike Authority (OTA), with sizeable offerings by the Oklahoma Municipal Power Authority (OMPA) and the Oklahoma Capitol Improvement Authority (OCIA) as well. The most frequent issuer in calendar year 2025, as was the case in 2023 and 2024, was the Oklahoma Housing Finance Agency (OHFA) with five separate bond issues funding the Single Family Mortgage Program and 14 multifamily housing transactions.

S&P Global Rating Upgrade

The positive momentum continued in 2025, with S&P Global Ratings upgrading the state's credit rating to AA+ with a Stable Outlook, noting "consistently positive financial results and management's commitment to structural stability of its finances, demonstrated by its contributions of revenue windfalls for one-time purposes and to make progress toward fully funding pension liabilities". Analysts at S&P also acknowledged ongoing economic diversification efforts and the state's comparatively low debt burden.

Moody's Ratings upgraded the state's credit rating to Aa1 with a Stable Outlook in late 2024 citing similar credit strengths, and Fitch Ratings revised the state's credit outlook to Positive in June 2024, noting "sustained improvements in Oklahoma's expenditure flexibility and fiscal management". Fitch also recognized the state's "adherence to conservative budgeting practices through economic cycles – which are improving financial resilience" as part of its press release.

While we remain hopeful that continued conversations with Fitch Ratings, along with continued strength in economic data, will result in upgrades to the credit ratings assigned by these agencies, we recognize and celebrate the achievements of 2025.

Oklahoma Credit Ratings

Moody's Ratings

Aa1, Stable Outlook

S&P Global Ratings

AA+, Stable Outlook

Fitch Ratings

AA, Positive Outlook

OCIA: LCF and OCAMP in 2025

OCIA's Legacy Capital Fund (LCF) Program began in 2023 with statutory authority and an initial appropriation of $600 million. As part of the 2024 and 2025 legislative sessions, an additional $177 million and $491 million, respectively, was appropriated by policymakers to OCIA for deposit into the LCF. Since its inception, the Legislature has allocated LCF funding totaling

$1.2 billion across 19 projects. During the 2025 legislative session, project authorizations included $200 million for the Pediatric Heart Hospital at The University of Oklahoma, an additional $250 million for the Oklahoma State University Veterinary Hospital, and nearly $42 million for facility enhancements within the Oklahoma Military Department. The Legislature also authorized the reallocation of $19 million, originally designated for the tunnel renovation project underneath the Capitol Complex, to supplement the total funding for the Kelley Building Project.

The LCF has been prudently managed and invested by the State Treasurer's Office, generating over $56 million in interest earnings to date. These earnings, along with unallocated appropriated dollars, are available for future projects, pending legislative authorization.

OCIA played an important administrative role in the implementation of the Oklahoma Capital Assets Maintenance and Protection (OCAMP) Fund during calendar year 2025. While recent statutory changes transitioned OCAMP planning and oversight responsibilities to the Long-Range Capital Planning Commission, OCIA supported the execution of authorized projects through coordination with state agencies, management of related agreements, and oversight of fund administration as directed. OCIA's involvement ensured continuity, accountability, and alignment with statewide capital planning priorities during this period of transition.

For additional information on the LCF and OCAMP, visit www.oklahoma.gov/ocia.

Acknowledgements

The Debt Management Division of the Office of the State Treasurer provides staff support to the Council of Bond Oversight, a five-member body of committed public servants who met regularly throughout 2025 to review bond issues of state governmental entities, as required under Oklahoma law. I extend my sincere appreciation to the Council members for their continued service and dedication to the State of Oklahoma.

I would also like to recognize the staff of the Debt Management Division. The accomplishments of the past year reflect the strength of a collaborative and supportive team, and I am grateful for the opportunity to work alongside them each day and to serve as Deputy Treasurer for Debt Management.

Respectfully,

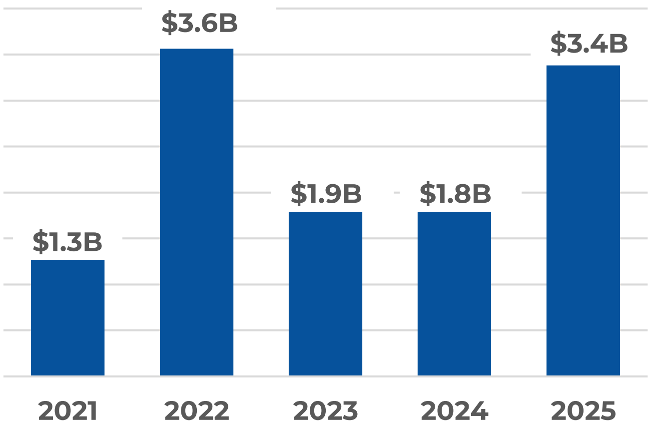
Alexandra Edwards
Deputy Treasurer for Debt Management

SUMMARY OF 2025 ISSUANCE

Bond issuance by state governmental entities totaled nearly $3.4 billion in 2025, reflecting a significant increase over 2023 and 2024, though below the 2022 high driven by four utility securitization transactions through the Oklahoma Development Finance Authority.

Issuance volume in 2025 was led by the Oklahoma Turnpike Authority's $1.3 billion ACCESS Oklahoma transaction, increased borrower demand across programs administered by the Oklahoma Housing Finance Agency and the Oklahoma Water Resources Board, and sizeable financings by the Oklahoma Municipal Power Authority and the Oklahoma Capitol Improvement Authority. Given continued demand for affordable housing, local water and infrastructure financing, and several large transactions anticipated in the year ahead, issuance levels are expected to remain elevated in 2026.

Total Debt Issuance by Calendar Year



The **Board of Regents for the Agricultural and Mechanical Colleges** issued $19.0 million of bonds on behalf of Oklahoma State University, consisting of $11.6 million of tax-exempt Series 2025A bonds and $7.4 million of taxable Series 2025B bonds. Proceeds financed the Central Market Place dining facility and a supercomputing research facility on the Stillwater campus.

The **Board of Regents of The University of Oklahoma** completed a $171.0 million refinancing in 2025, refunding four series of outstanding bonds and achieving net present value savings exceeding $16.0 million, or approximately 8.5% of the refunded debt.

The **Oklahoma Capitol Improvement Authority** issued approximately $259.0 million of State Highway Capital Improvement Revenue Bonds in May 2025 for the benefit of the Oklahoma Department of Transportation, as authorized under 73 O.S. § 350.2, achieving a true interest cost of 4.64% to fund three primary projects delineated in the statutory authorization.

The **Oklahoma Development Finance Authority** completed two bond issues under the Master Real Property Lease Revenue Bond Program in 2025. Proceeds from the $12.5 million Series 2025A bonds funded projects at Southeastern Oklahoma State University and Rogers State University, while the $21.9 million Series 2025B bonds refunded outstanding obligations for East Central University, Oklahoma State University, and Langston University, generating net present value savings of $1.3 million, or 5.3% of the refunded bonds.

The **Oklahoma Housing Finance Agency** closed 19 transactions totaling nearly $692 million during calendar year 2025, including five single family mortgage revenue bond offerings totaling $360 million and a record 14 transactions totaling almost $332 million to fund multifamily housing projects across the state.

Oklahoma Municipal Power Authority issued nearly $267 million of Series 2025A bonds to achieve multiple objectives, including funding $150 million of capital needs, and refinancing outstanding debt and executing a tender to achieve $7.7 of savings on a net present value basis.

As previously noted, the **Oklahoma Turnpike Authority (OTA)** issued approximately $1.3 billion in January 2025 to fund capital projects associated with the ACCESS Oklahoma Program and to refinance outstanding Series 2017A bonds to achieve savings.

The **Oklahoma Water Resources Board (OWRB)** completed five bond transactions totaling over $681 million in 2025 to fund water and sewer projects statewide, including significant issuance through the Clean Water and Drinking Water State Revolving Fund Programs and a record-setting $262.7 million borrowing for loans funded by the Financial Assistance Program.

TYPES OF DEBT OUTSTANDING

General Obligation Bonds

The Oklahoma Constitution requires voter approval for all state general obligation (GO) bonds. The Oklahoma Building Bonds Commission issued GO bonds following voter approval of a $350 million authorization in 1992, with the final payment made in July 2018. While several voter-approved programs allow the extension of the state's full faith and credit through entities such as the Oklahoma Industrial Finance Authority (OIFA), ODFA, and OWRB, the State of Oklahoma has never been required to use its own funds or issue GO bonds under these programs.

Tax-Supported Bonds

Oklahoma has historically financed state agency capital projects through the issuance of lease revenue bonds by OCIA. These bonds are secured by use and lease agreements with participating agencies and supported by legislative intent to appropriate annual lease payments. OCIA has also entered into loan agreements with the U.S. Department of Transportation's Build America Bureau under the Transportation Infrastructure Finance and Innovation Act (TIFIA), including Rural TIFIA loans issued at highly favorable rates. As of December 31, 2025, OCIA had approximately $1.5 billion in bonds and TIFIA loans outstanding.

Additional secondarily tax-supported debt is issued through ODFA's Higher Education Master Lease Programs, which are primarily supported by institutional revenues and ultimately secured by legislative appropriations to the Oklahoma State Regents for Higher Education. As of December 31, 2025, outstanding balances totaled $446.4 million for the Master Real Property Lease Program and $24.4 million for the Master Equipment Lease Program.

Revenue Bonds

Revenue bonds are secured solely by the operating revenues of the issuing entity and do not constitute a debt or obligation of the State of Oklahoma. Historically, revenue bond programs have represented the largest portion of state-related borrowing due to their reliance on dedicated revenue sources. As shown on the following page, revenue bond issuers had approximately $11.5 billion in outstanding debt as of December 31, 2025.

OUTSTANDING DEBT BY TYPE AND ISSUER

(as of December 31, 2025)

Summary of Outstanding Tax-Supported Debt	
Issuer	**Principal Outstanding**
OCIA (Lease Revenue Bonds + TIFIA Notes)	$ 1,495,665,602
ODFA (Master Lease Program Bonds)	470,830,000
Total	**$ 1,966,495,602**

Summary of Outstanding Revenue Bonds	
Issuer	**Principal Outstanding**
Oklahoma Turnpike Authority	$ 3,044,695,000
Oklahoma Water Resources Board	2,853,135,000
Oklahoma Housing Finance Agency *	1,959,196,137
Grand River Dam Authority	1,121,715,000
University of Oklahoma	999,435,000
Oklahoma State University	661,378,448
Oklahoma Municipal Power Authority	634,283,000
University of Oklahoma HSC	194,555,000
Oklahoma Student Loan Authority	-
Total	**$ 11,468,392,585**

* Outstanding as of September 30, 2025

DEBT AFFORDABILITY

This section is prepared in accordance with 62 O.S. § 34.200-1, which requires an annual debt affordability study. Together with the annual debt management report required by 62 O.S. § 695.7(D) and the Annual Comprehensive Financial Report, this analysis provides policymakers with context for evaluating the state's debt burden and the impact of future debt issuance.

Overview

Oklahoma maintains two primary structural safeguards to limit the impact of debt on the state budget: a constitutional requirement that general obligation bonds receive voter approval and be supported by a dedicated revenue source, and a statutory cap limiting net tax-supported debt service to 5% of the five-year average of General Revenue Fund collections, as described below. Together with prudent fiscal management by state leaders, these safeguards have helped keep Oklahoma's debt burden among the lowest in the nation.

When assessing overall liabilities, pension and other post-employment benefit (OPEB) obligations are often considered alongside tax-supported debt. Credit rating analysts note that even when these obligations are combined, Oklahoma's total liability profile continues to rank among the lowest nationally.

Debt Affordability Analysis

In fiscal year 2025, the statutory debt service cap was calculated at $393.5 million, equal to 5% of the five-year average of actual General Revenue collections as certified by the Board of Equalization. Net tax-supported debt service subject to the cap totaled $180.5 million, or 2.3% of the five-year average, leaving approximately $213.0 million (2.7%) in available debt service capacity and providing substantial flexibility to finance future capital needs.

Debt Service Capacity Limit

As provided in 62 O.S. § 34.200, the "State of Oklahoma shall not become indebted in an amount that causes total annual debt service payments from the General Revenue Fund to exceed five percent (5%) of the average of the general fund revenue".

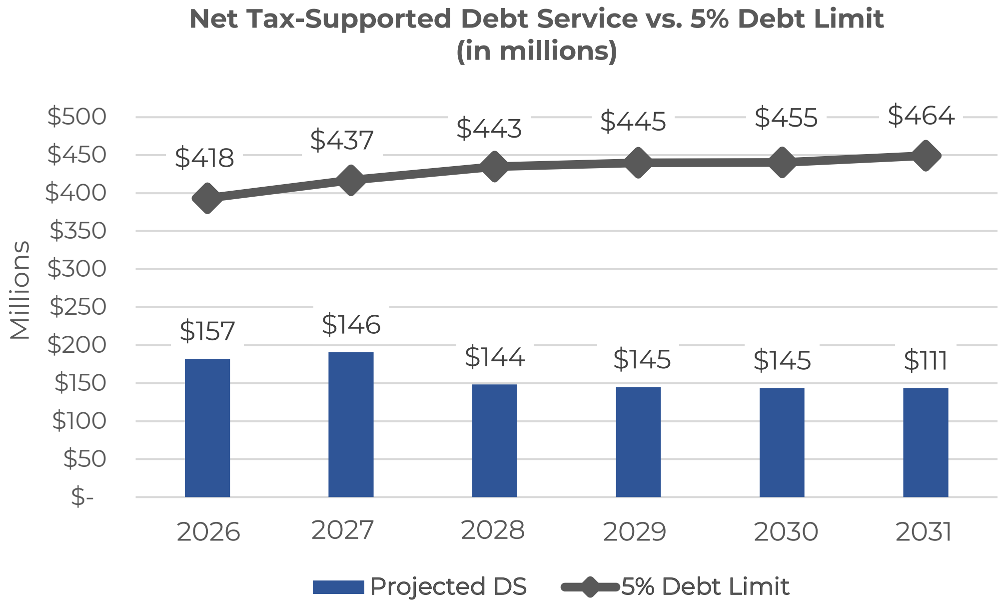
In the event the 5% calculation is exceeded, the state is prohibited from incurring additional tax-supported debt until additional capacity is available. The calculation excludes debt issued under the master lease program, as these are primarily secured through fees or other non-appropriated revenue sources.

Fiscal Year 2026
Annual Debt Service Limit and Capacity

Fiscal Year	Certified General Revenue	Five-Year Average Revenue
2021	$ 7,007,735,251	-
2022	$ 8,493,673,252	-
2023	$ 9,104,301,335	-
2024	$ 8,466,258,501	-
2025	$ 8,745,415,972	$ 8,363,476,862
Annual Debt Service Limit for FY2026		**$ 418,173,843**
Net Tax-Supported Debt Service Subject to the Limit		**$ 157,292,597**
Available Debt Service Capacity for FY2025		**$ 260,881,246**

Projected Debt Service Capacity

After several years of gradual increases, net tax-supported debt service decreased in FY2025, followed by a steeper decline in FY2026. This trend will continue in FY2027. The state will remain well below the 5% statutory limit over the next five years providing ample flexibility to issue additional debt, if needed.



It is important to consider the effects of uncertain conditions, like recessionary pressures, on the state's debt service capacity. Given that the state's 5% statutory cap on debt service is directly correlated with certified General Revenues, consideration should be given to alternative forecasts in which General Revenues do not increase by 2% per year but rather decrease significantly over a certain period. A sensitivity analysis wherein General Revenues decrease by 10% per year from FY2025 through FY2029 shows that state debt capacity remains substantial even with significant cuts year after year. This is due to the smoothing nature of the 5-year average from which the 5% debt limit is calculated.

The state has been thoughtful and judicious in its use of debt to finance capital improvements maintaining a low debt burden and flexibility to issue new debt. As a result of this approach, the structural limits in place, and implementation of OCIA's Legacy Capital Financing Fund, the state continues to have the capacity to utilize debt to finance select capital investments without creating a significant burden on the state budget.

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www.oklahoma.gov/bonds