Discussion Points

Independent Institutions of Higher Education

Seton Hall University

1a. The country's major credit rating agencies' financial outlooks for higher education in 2026 are negative and note a variety of operating pressures and uncertainty. For example, S&P Global Ratings offers a "negative" outlook, noting intense competition for students exacerbating budget pressures for many issuers, particularly at the lower end of the ratings scale. Meanwhile, the outlook notes that some federal policies disproportionately affected higher rated, more selective institutions, and credit risks for institutions with significant federally funded research are growing. Moody's also projects a negative outlook, citing declining revenue growth, increased expenses, and federal policy challenges causing operational and governance stress that include further research funding cuts and potential limits on the number of international students.

In addition to the uncertainty surrounding potential federal funding cuts, the FY 2027 Governor's Budget recommends a $132 million reduction in direct operating aid for the four-year public institutions of higher education, a $5.1 million reduction in direct operating aid for the county colleges, and a $16.6 million reduction in support for the independent institutions of higher education.

- ***Questions:*** **Please discuss the institution's overall financial outlook for FY 2027. What are the most significant financial pressures that the institution currently faces and in what ways does the institution predict the nature of these pressures changing in FY 2027 and beyond? What actions is the institution taking in response to these financial pressures?**

  Seton Hall is facing similar challenges as other institutions of higher education; flat or declining undergraduate and graduate enrollment, reduced residence life occupancy and awarding larger scholarships to encourage attendance. Fixed costs continue to increase due to inflation and other environmental factors beyond our control. The University is assessing various options as it prepares its FY27 budget.

- **Please discuss the nature of policy changes being proposed and implemented by the federal government. How are these policy changes affecting the institution and which policies will have the most significant impact?**

  The University regularly monitors proposed federal and state legislation. We are actively engaged in planning for various proposals including changes to Pell, graduate student lending, accreditation, Title IX, and DEI, among others. Policies related to student financial aid will have the greatest impact as 98% of Seton Hall students receive some type of financial aid.

1b. Institutions are facing fiscal pressures due to uncertainty surrounding federal funding reductions and proposed cuts to State operating aid in FY 2027.

- ***Questions:*** **Please discuss how the institution navigates uncertainty of funding at the State and Federal levels. How does the institution make long-term decisions considering fiscal uncertainty?**

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Seton Hall has routinely established realistic, somewhat conservative revenue budgets that mitigate State and Federal funding uncertainties. However, given recent Federal legislative actions, the impact on Federal loans to students poses a serious threat to overall enrollment and resulting tuition and fees. We are currently exploring new aid opportunities to assist students in financial need.

- **Is there a concerted effort being made to increase revenue outside of the major funding streams of tuition and fees, state aid, and federal aid? To what extent does the institution balance finding ways to increase revenue versus reducing expenditures?**

  Seton Hall is actively pursuing new non-tuition/fee generated revenue opportunities, including expanding research activities, utilizing our facilities for summer conferences, and enhancing fundraising initiatives. However, the 'net' revenues from these initiatives will fall below the budget needs, so expense reductions will likely be necessary.

2. A report released in July 2025 prepared by the Heldrich Center for Workforce Development entitled *Building a Comparison Group for Tuition Aid Grant Recipients Using the New Jersey Statewide Data System* analyzes the effect of the Tuition Aid Grant program on college graduation. The results of the study demonstrate that receiving a Tuition Aid Grant positively affects a student's graduation outcomes for first-time full-time students, with stronger results at four-year institutions compared to two-year institutions. Further, receiving State assistance other than a Tuition Aid Grant in addition to a Tuition Aid Grant had an even stronger impact on graduation rates. The report explains that other assistance programs, such as the Educational Opportunity Fund, offer social and financial support, including counseling and tutoring. These other types of aid also include merit-based scholarship programs that provide funding to high-achieving students. Finally, the study finds that an increase in the amount of aid translates into higher likelihood of graduation with pronounced effects among low-income students.

- ***Questions:*** **Please discuss the efficacy of this report as it relates to the institution. Has the institution analyzed how Tuition Aid Grants impact graduation rates?**

  The Heldrich Center report provides statewide evidence that Tuition Aid Grants (TAG) are associated with stronger student completion outcomes. Seton Hall University's own TAG Graduation Rate reports similarly show strong outcomes for TAG recipients, who represent approximately 27% to 28% of entering cohorts of roughly 1,700 to 1,900 first-time and transfer students in the last three reporting cycles. Across those cohorts, TAG recipients posted six-year graduation rates between 69% and 70%, comparable to the university's overall rates of 69% to 70%. Combined completion outcomes (graduation or transfer-out) ranged from 87% to 90% for TAG recipients, compared with 91% overall. These results suggest that TAG is an effective support mechanism for financially needy students at Seton Hall, and comparable graduation outcomes indicate that TAG may play an important equalizing role by helping recipients achieve completion rates similar to those of their peers. While not a formal causal analysis, the institutional data supports TAG as an important component of college access and student success.

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3. A significant factor in the financial outlook for an institution of higher education is enrollment because student tuition and fees are a core source of revenue for institutions. The most recent data indicate increasing enrollment, informed by the increase in the final fall enrollment numbers of Fall 2023 and 2024. The preliminary Fall 2025 enrollment numbers suggest enrollment numbers may have rebounded to pre-pandemic levels. First-time enrollments are an important component of understanding enrollment trends because it may project future enrollment levels. First-time enrollment grew each year after Fall 2020 until Fall 2024. Preliminary Fall 2025 numbers indicate that trend has reversed.

- ***Questions*: Please discuss the institution's most recent enrollment trends. Has the institution seen a rebound in enrollment to pre-pandemic levels?**

  Seton Hall's incoming enrollment has remained strong since the pandemic, with class sizes recovering to and sustaining pre-pandemic levels. Since the pandemic, incoming undergraduate enrollment has consistently been between 1500-1600 students, which is slightly up compared to pre-pandemic levels.

- **How do declines in enrollment impact the institution's fiscal health? Does the institution plan for potential declines in enrollment in crafting the academic year budget? If there were a decline in enrollment how would the institution compete for students: cut tuition or invest in new technology such as artificial intelligence?**

  We are working to maintain level headcount in FY27, or a headcount that is marginally close to the current year. The same is true for residence life headcount. Achieving these goals will require increasing student aid, ideally from restricted gifts and endowment. A decline in enrollment would lead to difficult expense decisions. Increases beyond our control for employee fringe benefits, labor agreements, technology contracts, utilities, and insurance will require other traditional expenses to be reduced, possibly including our continued investments in our facilities infrastructure.

- **What is the enrollment outlook for the institution? Does the institution expect the recent trend across the state of increasing enrollment? Has the institution experienced a slowing of first-time enrollment?**

  While we have been fortunate to welcome strong and healthy incoming classes over the past few years, we recognize that shifting demographic trends are likely to begin impacting our enrollment in the near future. In particular, the anticipated demographic cliff may result in gradual changes to the size of incoming cohorts. We remain fully committed to recruiting talented and diverse classes and are actively strengthening our outreach and our admission efforts. At the same time, we are taking a prudent fiscal approach and preparing for the possibility of a slight year- over- year decline in incoming enrollment.

4. International students represent five percent of higher education students in the State. International student enrollment varies by institution and sector. According to the most recent data from the National Center for Education Statistics, Integrated Postsecondary Education Data System, in 2024 the percentage of first-time undergraduates that were from foreign countries was 1.3 percent

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at county colleges, and 3.5 percent at both four-year public institutions and independent colleges and universities.

- ***Questions*: How has enrollment of international students changed over time? Has it increased or decreased over the past ten years?**

  For undergraduate enrollment, the number of international students has declined slightly over the past several years. However, since our international population is relatively small to begin with, this decrease has not had a significant impact on overall enrollment. That said, we continue to monitor these trends and explore opportunities to strengthen international recruitment at the undergraduate level. More broadly, international trends have had a greater influence on graduate enrollment as many of those programs actively attract and enroll a larger share of international students. As a result, fluctuations in international student interest and mobility tend to be more noticeable on the graduate side.

- **What percentage of tuition and fees at the institution are derived from international students?**

  International student enrollment comprises a small portion of tuition and fee revenue.