

# Why Grand Canyon Education Stock Dropped Today

The education services company could be hampered by stricter regulations.



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## What happened

[Shares](#) of **Grand Canyon Education** ([NASDAQ:LOPE](#)) fell sharply on Thursday following the release of the company's third-quarter results and subsequent conference call. As of 1:50 p.m. EST, the stock was down 8%.

## So what

Grand Canyon Education's revenue rose 24% year over year to \$193.3 million, driven primarily by its acquisition of healthcare education services company Orbis Education in January.

The company's profits also increased at a solid clip. Grand Canyon's non-[GAAP](#) (adjusted) operating income climbed 19% to \$65.9 million, while its adjusted net income came in at \$59.9 million, or \$1.24 per share. That was above Wall Street's estimates for adjusted EPS of \$1.15.

However, investors appear to be focusing more on news that Grand Canyon University (GCU), for which Grand Canyon Education provides support services, will continue to be treated as a for-profit entity for purposes of its participation in federal financial aid

programs by the U.S. Department of Education. As a result, Grand Canyon University will be subject to regulations that require it to meet stricter standards for financial aid and graduate employment.



IMAGE SOURCE: GETTY IMAGES.

## Now what

Grand Canyon Education Chairman and CEO Brian Mueller said during a [conference call](#) with analysts that he hasn't yet had time to review the Education Department's reasoning for treating GCU as a for-profit entity but that the university would likely challenge the decision. Mueller also said that the stricter for-profit regulations would likely have little impact on the university's operations.

Investors, however, appear to be somewhat concerned with the Education Department's ruling, and some are choosing to sell their shares of Grand Canyon Education today.

## 10 stocks we like better than Grand Canyon Education

When investing geniuses David and Tom Gardner have a stock tip, it can pay to listen. After all, the newsletter they have run for over a decade, *Motley Fool Stock Advisor*, has quadrupled the market.\*

David and Tom just revealed what they believe are the [ten best stocks](#) for investors to buy right now... and Grand Canyon Education wasn't one of them! That's right -- they think these 10 stocks are even better buys.

*Joe Tenebruso has no position in any of the stocks mentioned. The Motley Fool owns shares of and recommends Grand Canyon Education. The Motley Fool has a disclosure policy.*

<https://www.fool.com/investing/2019/11/07/why-grand-canyon-education-stock-dropped-today.aspx>