

01 JUN 2026

Fitch Affirms Grand Canyon University, AZ at 'BBB-'; Outlook Stable

Fitch Ratings - New York - 01 Jun 2026: Fitch Ratings has affirmed Grand Canyon University, AZ's (GCU) Issuer Default Rating (IDR) at 'BBB-'. Fitch also affirmed the ratings on GCU's series 2021B and Industrial Development Authority of the County of Maricopa (AZ) series 2024 bond ratings at 'BBB-'.

The Rating Outlook is Stable.

GCU's 'BBB-' IDR and bond ratings are based on the university's competitive strengths in the traditional and online higher education markets. Its operating model also provides strong cash flows with high flexibility. These credit strengths are tempered by GCU's very high leverage with additional risks from large bullet maturities.

SECURITY

Bonds and bank term loans are secured under a master trust indenture (MTI). The MTI provides for GCU's gross revenues to be pledged pursuant to a deposit account control agreement. MTI obligations are also secured by a mortgage on the university's 300-acre campus property in Phoenix, AZ, which was appraised at over \$2 billion in 2023. There is no debt service reserve fund securing MTI obligations.

A cash-collateralized non-MTI line of credit with \$30 million outstanding is expected to be refinanced with an MTI term loan in June 2026.

KEY RATING DRIVERS

Revenue Defensibility - 'a'

Record Enrollment

GCU has a significant presence in both the traditional and online higher education markets. Almost 25,000 undergraduates study at its main campus in Phoenix, AZ, and a record high of over 130,000 students from all 50 U.S. states are enrolled in its online undergraduate and graduate programs, making GCU one of the largest U.S. providers of online education. Over 95% of its total income is derived from students.

In the traditional ground program, GCU benefits from its competitive position as a modest-cost, Christian private university in a favorable demographic region and climate. GCU has maintained an undergraduate tuition rate of \$16,500 since 2009. Undergraduate demand metrics are moderate.

GCU's growth and presence in the online education market reflects its national brand recognition and ability to quickly adapt and tailor programs to meet demand.

Operating Risk - 'aa'

Solid Cash Flows, Favorable Capex Position

GCU has consistently generated healthy Fitch-calculated cash flow margins of around 10%, a level projected to continue in Fitch's forward-looking scenarios. Absolute cash flows have exceeded well over \$100 million per year.

GCU has significant operating flexibility because of its mostly part-time adjunct faculty and unique operating model. GCU outsources certain marketing, technology, financial aid processing, counseling and other functions to the currently unaffiliated for-profit public company, Grand Canyon Education (GCE) in exchange for a fixed 60% of most revenues. Fitch estimates roughly 90% of GCU's expenses are variable and automatically scale up or down in line with revenues.

Over three-quarters of square footage at GCU's 300-acre physical campus was built since 2014. Fitch believes GCU has significant flexibility regarding capital spending.

Financial Profile - 'bbb'

Very High Leverage and Bullet Maturities

GCU's solid Revenue Defensibility and strong Operating Risk characteristics are tempered by very high leverage. Large balloon payments expose the university to refinancing risks. However, the university has successfully accessed the capital markets and bank loans to refinance bullets.

Fitch expects GCU's leverage ratio, measured as Available Funds (AF: cash and investments less permanently restricted net assets) to Adjusted Debt to total around 47% at FYE 2026, which tapers upward in Fitch-modeled, forward-looking scenarios. This is consistent with Fitch's 'bbb' financial profile assessment and provides the anchor for final ratings.

At FYE 2025, GCU reported compliance with its liquidity and debt service coverage ratio covenants under the MTI and expects to repeat compliance as of FYE 2026. The U.S. Department of Education (DOE) recognized GCU as a nonprofit institution as of December 2025, releasing the institution from more onerous compliance requirements of proprietary institutions.

Asymmetric Additional Risk Considerations

Several legal claims and regulatory matters against GCU and/or Grand Canyon Education (GCE) have been dismissed or settled in recent years, and GCE has indemnified GCU for certain matters. Nevertheless, GCU remains exposed to outstanding suits including one related to its change in athletic conferences in 2025. Although not expected by management at this time, significant final, unappealable, adverse rulings against the university could affect its financial profile and ratings.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Persistent erosion of Fitch-calculated cash flow margins to below 8% or to levels insufficient to meet debt service covenants;
- Increased use of cash towards collateralized bank lines or notes;
- Inability to refinance maturing bank loans or bullet maturities on bonds on manageable terms;
- Diminished Available Funds-to Adjusted Debt below about 35%, persisting at this level in Fitch-modeled forward-looking scenarios;
- Performance failures by GCE, or termination of the GCE contract without internal or alternate replacement of GCE's services.
- Unappealable final judgements against GCU that result in substantial impact on the university's financial profile.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Fitch-calculated cash flow margins regularly approaching 15% or more;
- Improvement of AF-to-Adjusted Debt to over 50% and maintenance of this level in Fitch forward-looking scenarios;
- Replacement of current debt structure to reduce refinancing risks.

PROFILE

GCU is a coeducational, Christian university with traditional campus and online modalities. GCU participates in NCAA Division I sports programs.

GCU 's board of trustees consists of eight independent members. GCU President Brian Mueller, who is not a GCU trustee, is CEO and board chair of GCE. To reduce perceived or actual conflicts of interest arising from his roles at both GCU and GCE, President Mueller cannot serve on GCU's master services agreement committee.

GCU's accreditation by the Higher Learning Commission (HLC) was last affirmed in 2020-2021 and is scheduled for its next comprehensive evaluation in 2026-2027.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for Grand Canyon University (AZ).

ESG Considerations

Grand Canyon University (AZ) has an ESG Relevance Score of '4' for Customer Welfare - Fair Messaging, and an ESG Relevance Score of '4' for Governance Structure, defined as board independence and effectiveness in fiduciary and strategic efforts, ownership concentration and span of control, and Group Structure defined as complexity, transparency and related-party transactions. The elevated scores arise from the interdependence of GCU with GCE, the shared senior executive at both entities, and limited breadth of GCU's board. This has a negative impact on the credit profile and is relevant to the rating in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Grand Canyon University (AZ)	LT IDR	BBB- ●	Affirmed	BBB- ●
• Grand Canyon University (AZ) /General Revenues/ 1 LT	LT	BBB- ●	Affirmed	BBB- ●

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	●	

Applicable Criteria

[U.S. Public Finance College and University Rating Criteria \(pub.19 Sep 2023\) \(including rating assumption sensitivity\)](#)

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub.01 May 2026\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v2.0.1 [\(1\)](#)

Additional Disclosures

Solicitation Status

Endorsement Status

Maricopa County Industrial Development Authority (AZ) EU Endorsed, UK Endorsed

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