UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

Amendment No.1 to Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2011

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-34211

GRAND CANYON EDUCATION, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**20-3356009**
(State or other jurisdiction of Incorporation or organization)	*(I.R.S. Employer Identification No.)*

3300 W. Camelback Road
Phoenix, Arizona 85017
(Address, including zip code, of principal executive offices)

(602) 639-7500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

The total number of shares of common stock outstanding as of November 1, 2011, was 44,331,047.

Explanatory Note

This Amendment No. 1 to Form 10-Q (the “Form 10-Q/A”) is being filed by Grand Canyon Education, Inc. (the “University”) to amend and restate its Quarterly Report on Form 10-Q for the three months ended March 31, 2011 filed with the United States Securities and Exchange Commission (“SEC”) on May 9, 2011 (the “Original Form 10-Q”). The purpose of this Quarterly Report on Form 10-Q/A is to amend and restate our condensed financial statements, financial data and related disclosures to reflect a correction in methodology relating to the manner in which the University estimates its allowance for doubtful accounts, as discussed in Note 2 to the accompanying restated financial statements. This correction, which is described below, requires the University to restate its audited financial statements for the year ended December 31, 2010 and its unaudited interim financial statements for the quarters ended June 30, 2010, September 30, 2010, March 31, 2011 and June 30, 2011. The University has filed an Amended Annual Report on Form 10-K/A for the year ended December 31, 2010 with the SEC on November 14, 2011 immediately preceding the filing of this report.

Restatement of Previously Issued Financial Statements

We are filing this Form 10-Q/A as a result of the correction of an error in our methodology relating to the manner in which we estimate our allowance for doubtful accounts, which requires us to restate our financial statements for the year ended December 31, 2010 and our unaudited interim financial statements for the quarter ended March 31, 2011.

In recent periods, we experienced a significant change in the composition of our receivable balances since our transition to the borrower-based financial aid model in the second quarter of 2010 in which the receivables due from former students had grown as a percentage of the total amount outstanding. However, our historical process for estimating the allowance for doubtful accounts did not consider the disaggregation of receivable balances by student based on enrollment status. As a result, the growth in the inactive student receivables was not evident when making our allowance estimate in prior periods. As our collection experience indicates that receivables from former students carry a higher risk, this disaggregated information should have been considered in determining the probability of loss within our receivables. If such information had been evaluated, we would have increased the allowance for doubtful accounts to reflect the increased risk profile of the receivables in prior periods. Accordingly, the Audit Committee of the Board of Directors, together with management and in consultation with Ernst & Young LLP, our independent registered public accounting firm, determined that, because management should have taken the additional steps necessary to develop the disaggregated information for use in the analysis of reserve requirements and resulting allowance for doubtful accounts, the financial statements for the fiscal year ended December 31, 2010 and for the quarters ended June 30, 2010, September 30, 2010, March 31, 2011 and June 30, 2011 should be restated to correct the allowance for doubtful accounts.

As a result, the University concluded that it understated bad debt expense and overstated operating income and net income, by approximately $3.0 million, $3.0 million, and $1.8 million, respectively, for the three months ended March 31, 2011. Accordingly, we have restated:

- Our balance sheet as of March 31, 2011 by increasing our allowance for doubtful accounts by $3.0 million; and
- Our income statement for the three months ended March 31, 2011 by increasing instructional costs and services expense by $3.0 million and decreasing operating income and net income by $3.0 million and $1.8 million, respectively.

As a result of this restatement, amounts in our statements of cash flows and stockholders' equity for the three months ended March 31, 2011 have also been restated. Our total cash flows from operations for the three months ended March 31, 2011 remains unchanged. A summary of the effects of this restatement to our financial statements included within this Form 10-Q/A is presented in Note 2 in the accompanying notes to financial statements.

This Form 10-Q/A includes changes in Part I, Item 4 — Controls and Procedures and reflects management's restated assessment of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2011. This restatement of management's assessment regarding disclosure controls and procedures results from a material weakness in our internal control over financial reporting relating to the above described restatements. The information required in this restatement was previously omitted and should have been reported in our Original Form 10-Q. As of the date of this filing, we have implemented certain changes in our internal controls to address this material weakness. See Part I, Item 4 — Controls and Procedures.

For the convenience of the reader, this Form 10-Q/A sets forth the Original Form 10-Q in its entirety, as modified and superseded where necessary to reflect the restatement. The following items have been amended principally as a result of, and to reflect, the restatement:

- Part I — Item 1. Financial Statements;
- Part I — Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; and
- Part I — Item 4. Controls and Procedures
- Part II — Item 6. Exhibits.

In accordance with applicable SEC rules, this Form 10-Q/A includes certifications from our Principal Executive Officer and Principal Financial Officer dated as of the date of this filing.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

GRAND CANYON EDUCATION, INC.
Income Statements
(Unaudited)

(In thousands, except per share data)	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	Restated	
Net revenue	$ 101,709	$ 89,326
Costs and expenses:		
Instructional costs and services	48,875	36,660
Selling and promotional, including $401 and $2,347 to related parties for March 31, 2011 and 2010, respectively	29,832	26,876
General and administrative	6,832	6,104
Exit costs	—	89
Total costs and expenses	85,539	69,729
Operating income	16,170	19,597
Interest expense	(107)	(344)
Interest income	32	61
Income before income taxes	16,095	19,314
Income tax expense	6,614	7,834
Net income	$ 9,481	$ 11,480
Earnings per share:		
Basic income per share	$ 0.21	$ 0.25
Diluted income per share	$ 0.21	$ 0.25
Basic weighted average shares outstanding	45,590	45,674
Diluted weighted average shares outstanding	46,089	46,325

The accompanying notes are an integral part of these financial statements.

GRAND CANYON EDUCATION, INC.
Statements of Comprehensive Income
(Unaudited)

(In thousands)	Three Months Ended March 31, 2011	2010
	Restated	
Net income	$ 9,481	$ 11,480
Other comprehensive income, net of tax:		
Unrealized gains (losses) on hedging derivatives	53	(147)
Unrealized losses on available for sale securities	—	(4)
Realized gains on available for sale securities	—	(19)
Comprehensive income	$ 9,534	$ 11,310

The accompanying notes are an integral part of these financial statements.

GRAND CANYON EDUCATION, INC.
Balance Sheets

(In thousands, except par value)	March 31, 2011	December 31, 2010
	(Unaudited) Restated	
Current assets		
Cash and cash equivalents	$ 30,243	$ 33,637
Restricted cash and cash equivalents	49,740	52,178
Accounts receivable, net of allowance for doubtful accounts of $31,366 (Restated) and $30,112 at March 31, 2011 and December 31, 2010, respectively	13,972	17,983
Income taxes receivable	2,213	8,415
Deferred income taxes	16,563	16,078
Other current assets	4,578	4,834
Total current assets	117,309	133,125
Property and equipment, net	140,655	123,999
Restricted cash	445	760
Prepaid royalties	6,396	6,579
Goodwill	2,941	2,941
Deferred income taxes	2,487	2,800
Other assets	5,254	4,892
Total assets	$ 275,487	$ 275,096
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities		
Accounts payable	$ 27,072	$ 15,693
Accrued compensation and benefits	15,144	13,633
Accrued liabilities	7,453	9,477
Accrued litigation loss	5,200	5,200
Accrued exit costs	40	64
Income taxes payable	1,223	829
Student deposits	46,127	48,873
Deferred revenue	19,218	15,034
Due to related parties	1,958	10,346
Current portion of capital lease obligations	1,638	1,673
Current portion of notes payable	1,957	2,026
Total current liabilities	127,030	122,848
Capital lease obligations, less current portion	10	151
Other noncurrent liabilities	2,679	2,715
Notes payable, less current portion	21,432	21,881
Total liabilities	151,151	147,595
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, 10,000 shares authorized; 0 shares issued and outstanding at March 31, 2011 and December 31, 2010	—	—
Common stock, $0.01 par value, 100,000 shares authorized; 45,812 and 45,811 shares issued and 44,817 and 45,761 shares outstanding at March 31, 2011 and December 31, 2010, respectively	458	458
Treasury stock, at cost, 995 and 50 shares of common stock at March 31, 2011 and December 31, 2010, respectively	(14,993)	(782)
Additional paid-in capital	78,961	77,449
Accumulated other comprehensive loss	(392)	(445)
Accumulated earnings	60,302	50,821
Total stockholders' equity	124,336	127,501
Total liabilities and stockholders' equity	$ 275,487	$ 275,096

The accompanying notes are an integral part of these financial statements.

GRAND CANYON EDUCATION, INC.
Statement of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total
	Shares	Par Value	Shares	Stated Value			Restated	Restated
Balance at December 31, 2010	45,811	$ 458	50	$ (782)	$ 77,449	$ (445)	$ 50,821	$127,501
Net income	—	—	—	—	—	—	9,481	9,481
Unrealized gain on hedging derivative, net of taxes of $21	—	—	—	—	—	53	—	53
Common stock purchased for treasury	—	—	945	(14,211)	—	—	—	(14,211)
Exercise of stock options	1	—	—	—	13	—	—	13
Excess tax benefits from share-based compensation	—	—	—	—	69	—	—	69
Share-based compensation	—	—	—	—	1,430	—	—	1,430
Balance at March 31, 2011	45,812	$ 458	995	$ (14,993)	$ 78,961	$ (392)	$ 60,302	$124,336

The accompanying notes are an integral part of these financial statements.

GRAND CANYON EDUCATION, INC.
Statements of Cash Flows
(Unaudited)

(In thousands)	Three Months Ended March 31, 2011 Restated	Three Months Ended March 31, 2010
Cash flows provided by operating activities:		
Net income	$ 9,481	$ 11,480
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	1,430	1,037
Excess tax benefits from share-based compensation	—	(492)
Amortization of debt issuance costs	15	16
Provision for bad debts	10,034	4,774
Depreciation and amortization	3,826	2,661
Exit costs	(24)	(479)
Deferred income taxes	(224)	(27)
Other	—	(39)
Changes in assets and liabilities:		
Accounts receivable	(6,023)	(4,862)
Prepaid expenses and other	(52)	(1,655)
Due to/from related parties	(8,388)	1,400
Accounts payable	5,748	1,912
Accrued liabilities	(513)	5,024
Income taxes receivable/payable	6,665	6,251
Student deposits	(2,746)	1,911
Deferred revenue	4,184	20,168
Net cash provided by operating activities	23,413	49,080
Cash flows used in investing activities:		
Capital expenditures	(14,668)	(11,591)
Change in restricted cash and cash equivalents	2,753	(2,931)
Proceeds from sale or maturity of investments	—	487
Net cash used in investing activities	(11,915)	(14,035)
Cash flows (used in) provided by financing activities:		
Principal payments on notes payable and capital lease obligations	(694)	(727)
Purchase of treasury stock	(14,211)	—
Excess tax benefits from share-based compensation	—	492
Net proceeds from exercise of stock options	13	502
Net cash (used in) provided by financing activities	(14,892)	267
Net (decrease) increase in cash and cash equivalents	(3,394)	35,312
Cash and cash equivalents, beginning of period	33,637	62,571
Cash and cash equivalents, end of period	$ 30,243	$ 97,883
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 107	$ 195
Cash paid for income taxes	$ 219	$ 1,598
Supplemental disclosure of non-cash investing and financing activities		
Purchases of property and equipment included in accounts payable	$ 5,631	$ (1,357)
Tax benefit of Spirit warrant intangible	$ 70	$ 259

The accompanying notes are an integral part of these financial statements.

GRAND CANYON EDUCATION, INC.
Notes to Financial Statements
(In thousands, except share and per share data)
(Unaudited)

1. Nature of Business

Grand Canyon Education, Inc. (the "University") is a regionally accredited provider of postsecondary education services focused on offering graduate and undergraduate degree programs in its core disciplines of education, business, healthcare, and liberal arts. The University offers courses online, at its approximately 100 acre traditional ground campus in Phoenix, Arizona and onsite at the facilities of employers. The University is accredited by The Higher Learning Commission of the North Central Association of Colleges and Schools.

2. Restatement of Financial Statements

On November 3, 2011, the University determined that there was an error in the methodology it used to estimate its allowance for doubtful accounts and that its financial statements for the three months ended March 31, 2011 needed to be restated.

In recent periods, the University experienced a significant change in the composition of its receivable balances since its transition to the borrower-based financial aid model in the second quarter of 2010 in which the receivables due from former students had grown as a percentage of the total amount outstanding. However, the University's historical process for estimating the allowance for doubtful accounts did not consider the disaggregation of receivable balances by student based on enrollment status. As a result, the growth in the inactive student receivables was not evident when making the allowance estimate in prior periods. As the University's collection experience indicates that receivables from former students carry a higher risk, this disaggregated information should have been considered in determining the probability of loss within the University's receivables. If such information had been evaluated, management would have increased the allowance for doubtful accounts to reflect the increased risk profile of the receivables in prior periods. Accordingly, the Audit Committee of the Board of Directors together with management, determined that, because management should have taken the additional steps necessary to develop the disaggregated information for use in the analysis of reserve requirements and resulting allowance for doubtful accounts, the financial statements for the fiscal year ended December 31, 2010 and for the quarters ended June 30, 2010, September 30, 2010, March 31, 2011 and June 30, 2011 should be restated to correct the allowance for doubtful accounts.

The following table summarizes the unaudited quarterly results of operations as originally reported and as restated for the three months ended March 31, 2011.

	2011	
	First Quarter As Reported	First Quarter As Restated
Net revenue	$ 101,709	$ 101,709
Costs and expenses:		
Instructional costs and services	45,830	48,875
Selling and promotional	29,832	29,832
General and administrative	6,832	6,832
Total costs and expenses	82,494	85,539
Operating income	19,215	16,170
Net interest expense	(75)	(75)
Income before income taxes	19,140	16,095
Income tax expense	7,842	6,614
Net income	$ 11,298	$ 9,481
Earnings per share:		
Basic income per share(1)	$ 0.25	$ 0.21
Diluted income per share(1)	$ 0.25	$ 0.21
Basic weighted average shares outstanding	45,590	45,590
Diluted weighted average shares outstanding	46,089	46,089

(1) The sum of quarterly income per share may not equal annual income per share due to rounding.

The following is a summary of the changes on the University's balance sheet.

	As of March 31, 2011	
	As Reported	As Restated
Accounts receivable, net of allowance for doubtful accounts of $13,169 (As Reported) and $31,366 (As Restated)	32,369	13,972
Deferred income taxes	9,143	16,563
Total current assets	128,286	117,309
Total assets	286,464	275,487
Accumulated earnings	71,278	60,302
Total stockholders' equity	135,313	124,336
Total liabilities and stockholders' equity	286,464	275,487

The following is a summary of the changes on the University's statement of cash flows.

	Three Months Ended March 31, 2011	
	As Reported	As Restated
Net income	11,298	9,481
Provision for bad debts	6,988	10,034
Deferred income taxes	1,004	(224)
Net cash provided by operating activities	23,413	23,413

3. Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The accompanying unaudited interim financial statements of the University have been prepared in accordance with U.S. generally accepted accounting principles, consistent in all material respects with those applied in its financial statements included in its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2010. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. Such interim financial information is unaudited but reflects all adjustments that in the opinion of management are necessary for the fair presentation of the interim periods presented. Interim results are not necessarily indicative of results for a full year. This Quarterly Report on Form 10-Q/A should be read in conjunction with the University's audited financial statements and footnotes included in its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2010 from which the December 31, 2010 balance sheet information was derived.

Restricted Cash and Cash Equivalents

A significant portion of the University's revenue is received from students who participate in government financial aid and assistance programs. Restricted cash and cash equivalents primarily represents amounts received from the federal and state governments under various student aid grant and loan programs, such as Title IV. These funds are received subsequent to the completion of the authorization and disbursement process for the benefit of the student. The U.S. Department of Education requires Title IV funds collected in advance of student billings to be segregated in a separate cash or cash equivalent account until the students are billed for their portion. The University also classifies the $5,200 that it agreed to pay to settle the *qui tam* matter as restricted cash, subject to the distribution of the settlement amount from escrow in accordance with the terms of the settlement agreement. The University records all of these amounts as a current asset in restricted cash and cash equivalents. Restricted cash and cash equivalents is excluded from cash and cash equivalents until the cash is no longer restricted. The majority of these funds remain as restricted cash and cash equivalents for an average of 60 to 90 days from the date of receipt.

In the fourth quarter of 2010, the counterparty to the University's interest rate swap made a collateral call and the University posted $760 of pledged collateral as noncurrent restricted cash. The pledged collateral was reduced to $445 as of March 31, 2011.

Derivatives and Hedging

Derivative financial instruments are recorded on the balance sheet as assets or liabilities and re-measured at fair value at each reporting date. For derivatives designated as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Derivative financial instruments enable the University to manage its exposure to interest rate risk. The University does not engage in any derivative instrument trading activity. Credit risk associated with the University's derivatives is limited to the risk that a derivative counterparty will not perform in accordance with the terms of the contract. Exposure to counterparty credit risk is considered low because these agreements have been entered into with institutions with strong credit ratings, and they are expected to perform fully under the terms of the agreements.

On June 30, 2009, the University entered into an interest rate corridor instrument and an interest rate swap to manage its 30 Day LIBOR interest exposure related to its variable rate debt, which commenced in April 2009 and matures in April 2014. The fair value of the interest rate corridor instrument as of March 31, 2011 and December 31, 2010 was $25 and $27, respectively, which is included in other assets. The fair value of the interest rate swap is a liability of $583 and $686 as of March 31, 2011 and December 31, 2010, respectively, which is included in other noncurrent liabilities. The fair values of each derivative instrument were determined using a hypothetical derivative transaction and Level 2 of the hierarchy of valuation inputs. These derivative instruments were designated as cash flow hedges of variable rate debt obligations. The adjustment of $74 and $245 in the first three months of 2011 and 2010, respectively, for the effective portion of the loss on the derivatives is included as a component of other comprehensive income, net of taxes.

The interest rate corridor instrument hedges variable interest rate risk starting July 1, 2009 through April 30, 2014 with a notional amount of $11,268 as of March 31, 2011. The corridor instrument permits the University to hedge its interest rate risk at several thresholds; the University will pay variable interest rates based on the 30 Day LIBOR rates monthly until that index reaches 4%. If 30 Day LIBOR is equal to 4% through 6%, the University will pay 4%. If 30 Day LIBOR exceeds 6%, the University will pay actual 30 Day LIBOR less 2%. This reduces the University's exposure to potential increases in interest rates.

The interest rate swap commenced on May 1, 2010 and continues each month thereafter until April 30, 2014 and has a notional amount of $11,268 as of March 31, 2011. The University will receive 30 Day LIBOR and pay 3.245% fixed interest on the amortizing notional amount. Therefore, the University has hedged its exposure to future variable rate cash flows through April 30, 2014. The interest rate swap is not subject to a master netting arrangement and collateral has been called by the counterparty and reflected in a restricted cash account as of March 31, 2011 and December 31, 2010 in the amount of $445 and $760, respectively.

As of March 31, 2011 no derivative ineffectiveness was identified. Any ineffectiveness in the University's derivative instruments designated as hedges would be reported in interest expense in the income statement. For the three months ended March 31, 2011 $8 of credit risk was recorded in interest expense on the derivatives. At March 31, 2011, the University is not expected to reclassify gains or losses on derivative instruments from accumulated other comprehensive (loss) income into earnings during the next 12 months.

GRAND CANYON EDUCATION, INC.
Notes to Financial Statements
(In thousands, except share and per share data)
(Unaudited)

Fair Value of Financial Instruments

As of March 31, 2011, the carrying value of cash and cash equivalents, accounts receivable, account payable and accrued expenses approximate their fair value based on the liquidity or the short-term maturities of these instruments. The carrying value of debt approximates fair value as it is based on variable rate index. The carrying value of capital lease obligations approximate fair value based upon market interest rates available to the University for debt of similar risk and maturities. Derivative financial instruments are carried at fair value, determined using Level 2 of the hierarchy of valuation inputs, with the use of inputs other than quoted prices that are observable for the asset or liability.

Revenue Recognition

Net revenues consist primarily of tuition and fees derived from courses taught by the University online, at its 100 acre traditional campus in Phoenix, Arizona, and onsite at the facilities of employers, as well as from related educational resources such as access to online materials. Tuition revenue and most fees and related educational resources are recognized pro-rata over the applicable period of instruction, net of scholarships provided by the University. For the three months ended March 31, 2011 and 2010, the University's revenue was reduced by approximately $19,769 and $13,771, respectively, as a result of scholarships that the University offered to students. The University maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. Certain states in which students reside impose separate, mandatory refund policies, which override the University's policy to the extent in conflict. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the University continues to recognize the tuition that was not refunded as pro-rata over the applicable period of instruction. Since the University recognizes revenue pro-rata over the term of the course and because, under its institutional refund policy, the amount subject to refund is never greater than the amount of the revenue that has been deferred, under the University's accounting policies revenue is not recognized with respect to amounts that could potentially be refunded. The University's change in April 2010 to a non-term borrower-based institution from a term based institution for federal student financial aid funding purposes does not have any impact on the timing and recognition of revenues.

Instructional Costs and Services

Instructional costs and services consist primarily of costs related to the administration and delivery of the University's educational programs. This expense category includes salaries, benefits and share-based compensation for full-time and adjunct faculty and administrative personnel, information technology costs, bad debt expense, curriculum and new program development costs (which are expensed as incurred) and costs associated with other support groups that provide services directly to the students. This category also includes an allocation of depreciation, amortization, royalty to former owner, rent, and occupancy costs attributable to the provision of educational services, primarily at the University's Phoenix, Arizona campus.

Selling and Promotional

Selling and promotional expenses include salaries, benefits and share-based compensation of personnel engaged in the marketing, recruitment, and retention of students, as well as advertising costs associated with purchasing leads, hosting events and seminars, and producing marketing materials. This category also includes an allocation of depreciation, amortization, rent, and occupancy costs attributable to selling and promotional activities at the Company's facilities in Arizona. Selling and promotional costs are expensed as incurred.

Through December 2010, the University was a party to a revenue sharing arrangement (the Collaboration Agreement) with Mind Streams, L.L.C. (Mind Streams), a related party pursuant to which it paid a percentage of the net revenue that it actually received from applicants recruited by those entities that matriculated at Grand Canyon University. Mind Streams bore all costs associated with the recruitment of these applicants.

GRAND CANYON EDUCATION, INC.
Notes to Financial Statements
(In thousands, except share and per share data)
(Unaudited)

As a result of new rules adopted by the U.S. Department of Education and effective July 1, 2011, the University determined that revenue sharing arrangements like the Collaboration Agreement, and the manner in which it pays amounts under the Collaboration Agreement, will most likely no longer be permitted. Accordingly, the University and Mind Streams entered into an agreement, dated December 30, 2010, pursuant to which the University agreed to pay Mind Streams an amount equal to (a) $8,500, plus (b) Mind Streams' applicable share of any net revenue actually received by the University on or before February 28, 2011 with respect to any such Mind Streams identified students commencing University courses prior to November 1, 2010. In return, Mind Streams agreed to (i) accept such amounts in full and complete satisfaction of all amounts owed by the University to Mind Streams under the Collaboration Agreement, and (ii) transfer to the University a proprietary database of potential student leads. A payment of $8,500 was made in January 2011 in conjunction with this agreement. Additionally in 2010, Gail Richardson, the father of Brent D. Richardson, the University's Executive Chairman, and Christopher C. Richardson, the University's General Counsel and a director, formed a new entity, Lifetime Learning, which plans to generate and sell leads to the University and other entities in the education sector. For the three months ended March 31, 2011 and 2010, the University expensed approximately $401 and $2,347, respectively, pursuant to these arrangements, exclusive of the settlement arrangement discussed above. As of March 31, 2011 and December 31, 2010 $564, and $9,367, respectively, were due to these related parties.

General and Administrative

General and administrative expenses include salaries, benefits and share-based compensation of employees engaged in corporate management, finance, human resources, compliance, and other corporate functions. General and administrative expenses also include an allocation of depreciation, amortization, rent, and occupancy costs attributable to the departments providing general and administrative functions.

Exit Costs

In November 2009, the University finalized a plan to centralize its student services operations in Arizona and, as a result, closed its student services facility in Utah. The exit costs incurred in connection with this decision have been expensed and are presented separately on the income statement. The costs incurred included severance payments; relocation expenses; future lease payments, net of estimated sublease rentals; and the write off of leasehold improvements associated with this leased space. The following is a summary of the University's exit activities:

	Accrued Exit Costs at December 31, 2010	Exit Costs	Payments in 2011	Accrued Exit Costs at March 31, 2011
Accrued exit costs	$ 64	$ —	$ (24)	$ 40

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Segment Information

The University operates as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs of both its ground and online students regardless of geography. The University's Chief Executive Officer manages the University's operations as a whole and no expense or operating income information is generated or evaluated on any component level.

Reclassifications

Certain reclassifications have been made to the prior period balances to conform to the current period.

Recent Accounting Pronouncements

The University has reviewed and evaluated all recent accounting pronouncements and believes there are none that could potentially have a material impact on the University's financial condition, results of operations, or disclosures.

4. Net Income Per Common Share

Basic net income per common share is calculated by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all potentially dilutive securities, consisting of stock options, for which the estimated fair value exceeds the exercise price, less shares which could have been purchased with the related proceeds, unless anti-dilutive. For employee equity awards, repurchased shares are also included for any unearned compensation adjusted for tax.

The table below reflects the calculation of the weighted average number of common shares outstanding, on an as if converted basis, used in computing basic and diluted earnings per common share.

	Three Months Ended March 31,	
	2011	2010
Denominator:		
Basic weighted average shares outstanding	45,590,195	45,673,917
Effect of dilutive stock options and restricted stock	498,720	650,856
Diluted weighted average shares outstanding	46,088,915	46,324,773

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Diluted weighted average shares outstanding exclude the incremental effect of shares that would be issued upon the assumed exercise of stock options. For the three months ended March 31, 2011 and 2010, approximately 2,244,541 and 506,868, respectively, of the University's stock options outstanding were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. These options could be dilutive in the future.

5. Valuation and Qualifying Accounts

	Balance at Beginning of Period	Charged to Expense	Deductions(1)	Balance at End of Period
Allowance for doubtful accounts receivable:				
Three months ended March 31, 2011 (Restated)	$ 30,112	10,034	(8,780)	$ 31,366
Three months ended March 31, 2010	$ 7,553	4,774	(4,479)	$ 7,848

(1) Deductions represent accounts written off, net of recoveries.

6. Property and Equipment

Property and equipment consist of the following:

	As of March 31, 2011	As of December 31, 2010
Land	$ 8,282	$ 8,282
Land improvements	1,597	1,597
Buildings	49,939	48,323
Equipment under capital leases	4,502	4,502
Leasehold improvements	11,835	11,407
Computer equipment	38,796	36,742
Furniture, fixtures and equipment	11,896	11,401
Internally developed software	4,390	3,825
Other	1,098	998
Construction in progress	36,390	21,349
	168,725	148,426
Less accumulated depreciation and amortization	(28,070)	(24,427)
Property and equipment, net	$ 140,655	$ 123,999

7. Commitments and Contingencies

Leases

The University leases certain land, buildings and equipment under non-cancelable operating leases expiring at various dates through 2023. Future minimum lease payments under operating leases due each year are as follows at March 31, 2011:

2011	$ 3,745
2012	6,243
2013	7,020
2014	6,640
2015	5,764
Thereafter	24,188
Total minimum payments	$ 53,600

Total rent expense and related taxes and operating expenses under operating leases for the three months ended March 31, 2011 and 2010 were $1,593 and $1,084, respectively.

Legal Matters

From time to time, the University is a party to various lawsuits, claims, and other legal proceedings that arise in the ordinary course of business, some of which are covered by insurance. When the University is aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the University records a liability for the loss. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the University discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible and the amount involved is material. With respect to the majority of pending litigation matters, the University's ultimate legal and financial responsibility, if any, cannot be estimated with certainty and, in most cases, any potential losses related to those matters are not considered probable.

In connection with the *qui tam* lawsuit that had been filed against the University in August 2007 in the United States District Court for the District of Arizona (the "Court") by a then-current employee on behalf of the federal government, and in connection with the related settlement agreement approved by the Court in August 2010, the University continues to maintain a $5,200 accrued litigation loss and a commensurate amount of restricted cash of $5,200 in an interest-bearing segregated account controlled by the University, for payment to the United States and the relator in accordance with the terms of the settlement agreement on the earlier of September 1, 2011 or the issuance by the Department of Education to the University of a full three-year Title IV program participation agreement.

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Upon resolution of any pending legal matters, the University may incur charges in excess of presently established reserves. Management does not believe that any such charges would, individually or in the aggregate, have a material adverse effect on the University's financial condition, results of operations or cash flows.

Tax Reserves, Non-Income Tax Related

From time to time the University has exposure to various non-income tax related matters that arise in the ordinary course of business. At March 31, 2011 and December 31, 2010, the University had reserved approximately $83 and $92, respectively, for tax matters where its ultimate exposure is considered probable and the potential loss can be reasonably estimated.

8. Income Taxes

The University's uncertain tax positions are related to tax years that remain subject to examination by tax authorities. As of March 31, 2011, the earliest tax year still subject to examination for federal and state purposes is 2007 and 2005, respectively.

9. Share-Based Compensation

On September 27, 2008 the University's shareholders approved the adoption of the 2008 Equity Incentive Plan ("Incentive Plan") and the 2008 Employee Stock Purchase ("ESPP"). A total of 4,199,937 shares of the University's common stock were originally authorized for issuance under the Incentive Plan. On January 1, of each subsequent year in accordance with the terms of the Incentive Plan, the number of shares authorized for issuance under the Incentive Plan automatically increased by 2.5% of the number of shares of common stock issued and outstanding on the previous December 31, raising the total number of shares of common stock authorized for issuance under the Incentive Plan to 7,622,034 shares. Although the ESPP has not yet been implemented, a total of 1,049,984 shares of the University's common stock have been authorized for sale under the ESPP.

A summary of the activity related to stock options granted under the University's Incentive Plan since December 31, 2010 is as follows:

	Summary of Stock Options Outstanding			
	Total Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)(1)
Outstanding as of December 31, 2010	4,026,172	14.24		
Granted	1,226,250	15.34		
Exercised	(1,154)	12.00		
Forfeited, canceled or expired	(29,208)	18.22		
Outstanding as of March 31, 2011	5,222,060	$ 14.47	8.42	$ 157
Exercisable as of March 31, 2011	1,671,032	$ 12.95	7.77	$ 2,590
Available for issuance as of March 31, 2011	1,978,459			

(1) Aggregate intrinsic value represents the value of the University's closing stock price on March 31, 2011 ($14.50) in excess of the exercise price multiplied by the number of options outstanding or exercisable.

Share-based Compensation Expense

The table below outlines share-based compensation expense for the quarter ended March 31, 2011 and 2010 related to restricted stock and stock options granted:

	2011	2010
Instructional costs and services	$ 620	$ 379
Selling and promotional	64	37
General and administrative	746	621
Share-based compensation expense included in operating expenses	1,430	1,037
Tax effect of share-based compensation	(572)	(415)
Share-based compensation expense, net of tax	$ 858	$ 622

10. Regulatory

The University is subject to extensive regulation by federal and state governmental agencies and accrediting bodies. In particular, the Higher Education Act of 1965, as amended (the "Higher Education Act"), and the regulations promulgated thereunder by the Department of Education, subject the University to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy in order to participate in the various federal student financial assistance programs under Title IV of the Higher Education Act.

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To participate in the Title IV programs, an institution must be authorized to offer its programs of instruction by the relevant agency of the state in which it is located, accredited by an accrediting agency recognized by the Department of Education and certified as eligible by the Department of Education. The Department of Education will certify an institution to participate in the Title IV programs only after the institution has demonstrated compliance with the Higher Education Act and the Department of Education's extensive regulations regarding institutional eligibility. An institution must also demonstrate its compliance to the Department of Education on an ongoing basis. The University submitted its application for recertification in March 2008 in anticipation of the expiration of its provisional certification on June 30, 2008. The Department of Education did not make a decision on the University's recertification application by June 30, 2008, and therefore the University's participation in the Title IV programs had been automatically extended thereafter on a month-to-month basis pending the Department of Education's decision. While this decision remained pending, on January 12, 2011, the University disclosed the termination of certain voting agreements that had the effect of triggering a change in control under Department of Education regulations because it caused the University's largest stockholder group to own and control less than 25% of the outstanding voting stock. On April 8, 2011, following the completion of the Department of Education's review of the information that the University provided in connection with the termination of the voting agreements, the Department of Education notified the University that it approved its application for a change of ownership and issued to the University a new, provisional program participation agreement to participate in the Title IV programs. While this certification is provisional, it does remove the University from month-to-month status, provides for the University's continued participation in Title IV programs through December 31, 2013, and does not impose any conditions (such as any letter of credit requirement) or other restrictions on the University during the provisional period other than the standard restrictions applicable to a provisional certification. In accordance with the terms of the provisional certification, the University may apply for recertification on a full basis by submitting a complete application by no later than September 30, 2013.

Because the University operates in a highly regulated industry, it, like other industry participants, may be subject from time to time to investigations, claims of non-compliance, or lawsuits by governmental agencies or third parties, which allege statutory violations, regulatory infractions, or common law causes of action. While there can be no assurance that regulatory agencies or third parties will not undertake investigations or make claims against the University, or that such claims, if made, will not have a material adverse effect on the University's business, results of operations or financial condition, management believes the University is in compliance with applicable regulations in all material respects.

In connection with its administration of the Title IV federal student financial aid programs, the Department of Education periodically conducts program reviews at selected schools that receive Title IV funds. In July 2010, the Department of Education initiated a program review of Grand Canyon University covering the 2008-2009 and 2009-2010 award years. As part of this program review, a Department of Education program review team conducted a site visit on the University's campus and reviewed, and in some cases requested further information regarding, the University's records, practices and policies relating to, among other things, financial aid, enrollment, enrollment counselor compensation, program eligibility and other Title IV compliance matters. Upon the conclusion of the site visit, the University was informed by the program review team that it would (i) conduct further review of the University's documents and records offsite, (ii) upon completion of such review, schedule a formal exit interview to be followed by a preliminary program review report in which any preliminary findings of non-compliance would be presented, and (iii) conclude the review by issuance of a final determination letter. The program review team has not yet scheduled a formal exit interview with the University. Accordingly, at this point, the program review remains open and the University intends to continue to cooperate with the review team until the program review is completed.

While the University has not yet received notification of the timing of its exit interview or the Department of Education's preliminary program review report or final determination letter, following the conclusion of the site visit the University became aware that the program review team had two preliminary findings of concern. The first issue is whether a compensation policy in use during part of the period under review improperly rewarded some enrollment counselors based on success in enrolling students in violation of applicable law. As the University has previously disclosed, while it believes that the University's compensation policies and practices at issue in the program review were not based on success in enrolling students in violation of applicable law, the Department of Education's regulations and interpretations of the incentive compensation law do not establish clear criteria for compliance in all circumstances and some of the University's practices in prior years were not within the scope of any of the specific "safe harbors" provided in the compensation regulations and applicable during that period.

The second issue is whether, during the award years under review, certain programs offered within the University's College of Liberal Arts provided students with training to prepare them for gainful employment in a recognized occupation. This "gainful employment" standard has been a requirement for Title IV eligibility for programs offered at proprietary institutions of higher education such as Grand Canyon University although, pursuant to legislation passed in 2008 and effective as of July 1, 2010, this requirement no longer applies to designated liberal arts programs offered by the University and certain other institutions that have held accreditation by a regional accrediting agency since a date on or before October 1, 2007 (the University has held a regional accreditation since 1968). Subsequent to the site visit, the program review team submitted a written request to the University in which the program review team stated the view that, prior to July 1, 2010, traditional liberal arts programs were not considered as being eligible under Title IV but then requested additional information from the University that would help the Department of Education determine whether the programs offered within the University's College of Liberal Arts were eligible under Title IV because they did provide training to prepare students for gainful employment in a recognized occupation. While the University was not informed as to which specific programs offered within the University's College of Liberal Arts the program review team believes may be ineligible, in August 2010 the University provided the Department of Education with the requested information which the University believes will demonstrate that the programs offered within the University's College of Liberal Arts met this requirement. The University has received no further communications from the Department of Education regarding the program review.

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The University's policies and procedures are planned and implemented to comply with the applicable standards and regulations under Title IV. If and to the extent the Department of Education's final determination letter identifies any compliance issues, the University is committed to resolving such issues and ensuring that Grand Canyon University operates in compliance with all Department of Education requirements. Program reviews may remain unresolved for months or years with little or no communication from the Department of Education, and may involve multiple exchanges of information following the site visit. The University cannot presently predict whether or if further information requests will be made, when the exit interview will take place, when the preliminary program review report or final determination letter will be issued, or when the program review will be closed. If the Department of Education were to make significant findings of non-compliance in the final program review determination letter, including any finding related to the two issues discussed above, then, after exhausting any administrative appeals available to the University, the University could be required to pay a fine, return Title IV monies previously received, or be subjected to other administrative sanctions. While the University cannot currently predict the outcome of the Department of Education review, any adverse finding could damage the University's reputation in the industry and have a material adverse effect on the University's business, results of operations, cash flows and financial position.

11. Treasury Stock

On August 16, 2010, the University announced that its Board of Directors had authorized the University to repurchase up to $25,000 of common stock, from time to time, depending on market conditions and other considerations. The expiration date on the repurchase authorizations is September 30, 2011 and repurchases occur at the University's discretion. Repurchases may be made in the open market or in privately negotiated transactions, pursuant to the applicable Securities and Exchange Commission rules. The amount and timing of future share repurchases, if any, will be made as market and business conditions warrant. Since the approval of the share repurchase plan, the University has purchased 995,200 shares of common stock shares at an aggregate cost of $14,993 which includes 945,200 shares of common stock at an aggregate cost of $14,211 during the three months ended March 31, 2011, which are recorded at cost in the accompanying balance sheets and statement of stockholders' equity.

12. Subsequent Events

On April 8, 2011, the University entered into an amended and restated loan agreement with Bank of America, N.A. (the "Amended Agreement"). Under the Amended Agreement, the bank (a) extended the maturity date of the University's existing loan from April 30, 2014 to March 31, 2016 and decreased the interest rate on the outstanding balance from the BBA Libor Rate plus 225 basis points to the BBA Libor Rate plus 200 basis points (all other terms of the existing loan remain the same), and (b) provided to the University a revolving line of credit in the amount of $50,000 through March 31, 2016 to be utilized for working capital, capital expenditures, share repurchases and other general corporate purposes. The Amended Agreement contains standard covenants that are substantially consistent with those included in the prior agreement, including covenants that, among other things, restrict the University's ability to incur additional debt or make certain investments, require the University to maintain compliance with certain applicable regulatory standards, and require the University to maintain a certain financial condition. Indebtedness under the Amended Agreement is secured by all of the University's assets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations has been restated to reflect the restatement of the balance sheet and statements of income, stockholders' equity and cash flows for the quarter ended March 31, 2011 and should be read in conjunction with our financial statements and related notes that appear elsewhere in this report.

Forward-Looking Statements

This Quarterly Report on Form 10-Q/A, including Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, contains certain "forward-looking statements," which include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation, and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new programs; expectations that regulatory developments or other matters will not have a material adverse effect on our financial position, results of operations, or liquidity; statements concerning projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, and future economic performance; and statements of management's goals and objectives and other similar expressions concerning matters that are not historical facts. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- our failure to comply with the extensive regulatory framework applicable to our industry, including Title IV of the Higher Education Act and the regulations thereunder, state laws and regulatory requirements, and accrediting commission requirements;
- the results of the ongoing program review being conducted by the Department of Education of our compliance with Title IV program requirements, and possible fines or other administrative sanctions resulting therefrom;
- the ability of our students to obtain federal Title IV funds, state financial aid, and private financing;
- potential damage to our reputation or other adverse effects as a result of negative publicity in the media, in the industry or in connection with governmental reports or investigations or otherwise, affecting us or other companies in the for-profit postsecondary education sector;
- risks associated with changes in applicable federal and state laws and regulations and accrediting commission standards including pending rulemaking by the Department of Education;
- our ability to hire and train new, and develop and train existing, enrollment counselors;
- the pace of growth of our enrollment;
- our ability to convert prospective students to enrolled students and to retain active students;
- our success in updating and expanding the content of existing programs and developing new programs in a cost-effective manner or on a timely basis;
- industry competition, including competition for qualified executives and other personnel;
- risks associated with the competitive environment for marketing our programs;
- failure on our part to keep up with advances in technology that could enhance the online experience for our students;
- the extent to which obligations under our loan agreement, including the need to comply with restrictive and financial covenants and to pay principal and interest payments, limits our ability to conduct our operations or seek new business opportunities;
- potential decreases in enrollment, the payment of refunds or other negative impacts on our operating results as a result of our change from a "term-based" financial aid system to a "borrower-based, non-term" or "BBAY" financial aid system;
- our ability to manage future growth effectively; and
- general adverse economic conditions or other developments that affect job prospects in our core disciplines.

Additional factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those described in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2010, as updated in our subsequent reports filed with the Securities and Exchange Commission ("SEC"), including any updates found in Part II, Item 1A of this Quarterly Report on Form 10-Q/A or our other reports on Form 10-Q or 10-Q/A. You should not put undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date the statements are made and we assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Restatement of Financial Statements

The University is filing this Form 10-Q/A as a result of the correction of an error in the University's methodology relating to the manner in which the University estimates its allowance for doubtful accounts, which requires the University to restate its financial statements for the year ended December 31, 2010 and its unaudited interim financial statements for the quarter ended March 31, 2011.

In recent periods, the University experienced a significant change in the composition of its receivable balances since its transition to the borrower-based financial aid model in the second quarter of 2010 in which the receivables due from former students had grown as a percentage of the total amount outstanding. However, the University's historical process for estimating the allowance for doubtful accounts did not consider the disaggregation of receivable balances by student based on enrollment status. As a result, the growth in the inactive student receivables was not evident when making the allowance estimate in prior periods. As the University's collection experience indicates that receivables from former students carry a higher risk, this disaggregated information should have been considered in determining the probability of loss within the University's receivables. If such information had been evaluated, management would have increased the allowance for doubtful accounts to reflect the increased risk profile of the receivables in prior periods. Accordingly, the Audit Committee of the Board of Directors, together with management and in consultation with Ernst & Young LLP, the University's independent registered public accounting firm, determined that, because management should have taken the additional steps necessary to develop the disaggregated information for use in the analysis of reserve requirements and resulting allowance for doubtful accounts, the financial statements for the fiscal year ended December 31, 2010 and for the quarters ended June 30, 2010, September 30, 2010, March 31, 2011 and June 30, 2011 should be restated to correct the allowance for doubtful accounts.

As a result, the University concluded that it understated bad debt expense and overstated operating income and net income, by approximately $3.0 million, $3.0 million, and $1.8 million, respectively, for the three months ended March 31, 2011. Accordingly, we have restated:

- Our balance sheet as of March 31, 2011 by increasing our allowance for doubtful accounts by $3.0 million; and
- Our income statement for the three months ended March 31, 2011 by increasing instructional costs and services expense by $3.0 million and decreasing operating income and net income by $3.0 million and $1.8 million, respectively.

As a result of this restatement, amounts in our statements of cash flows and stockholders' equity for the three months ended March 31, 2011 have also been restated. Our total cash flows from operations for the three months ended March 31, 2011 remains unchanged. A summary of the effects of this restatement to our financial statements included within this Form 10-Q/A is presented in Note 2 in the accompanying notes to financial statements.

Overview

We are a regionally accredited provider of postsecondary education services focused on offering graduate and undergraduate degree programs in our core disciplines of education, business, healthcare, and liberal arts. We offer programs online as well as ground programs at our approximately 100 acre traditional campus in Phoenix, Arizona and onsite at the facilities of employers.

At March 31, 2011, we had approximately 42,500 students, an increase of 9.4% over the approximately 38,900 students we had at March 31, 2010. At March 31, 2011, 90.9% of our students were enrolled in our online programs, and 45.8% of our online students were pursuing master's or doctoral degrees. In addition, revenue per student increased between periods as we increased tuition prices for students in our online and professional studies programs by 0.0% to 5.7%, depending on the program, with an estimated blended rate increase of 3.5% for our 2010-11 academic year, as compared to tuition price increases for students in our online and professional studies programs of 2.3% to 15.5% for our 2009-10 academic year, depending on the program, with an estimated blended rate increase of 5.0% for the prior academic year. Tuition for our traditional ground programs had no increase for our 2010-11 academic year, as compared to an increase of 6.6% for the prior academic year. In addition, we experienced an increase in the number of students taking four credit courses between years. Operating income was $16.2 million for the three months ended March 31, 2011, a decrease of $3.4 million over the $19.6 million in operating income for the three months ended March 31, 2010.

The following is a summary of our student enrollment at March 31, 2011 and 2010 (which included less than 525 students pursuing non-degree certificates in each period) by degree type and by instructional delivery method:

	March 31,			
	2011(1)		2010	
	# of Students	% of Total	# of Students	% of Total
Graduate degrees(2)	18,438	43.4%	16,213	41.7%
Undergraduate degree	24,067	56.6%	22,641	58.3%
Total	42,505	100.0%	38,854	100.0%

	March 31,			
	2011(1)		2010	
	# of Students	% of Total	# of Students	% of Total
Online(3)	38,655	90.9%	35,796	92.1%
Ground(4)	3,850	9.1%	3,058	7.9%
Total	42,505	100.0%	38,854	100.0%

(1) Enrollment at March 31, 2011 represents individual students who attended a course during the last two months of the calendar quarter. Prior to our transition to BBAY, enrollment had been defined as individual students that attended a course in a term that was in session as of the end of the quarter.

(2) Includes 1,301 and 615 students pursuing doctoral degrees at March 31, 2011 and 2010, respectively.

(3) As of March 31, 2011 and 2010, 45.8% and 43.4%, respectively, of our online students are pursuing graduate degrees.

(4) Includes both our traditional on-campus ground students, as well as our professional studies students.

Critical Accounting Policies and Use of Estimates

Our critical accounting policies are disclosed in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2010. During the three months ended March 31, 2011, there have been no significant changes in our critical accounting policies.

Key Trends, Developments and Challenges

Our key trends, developments and challenges are disclosed in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2010. During the three months ended March 31, 2011, there have been no significant changes in these trends. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Trends, Developments and Challenges" in our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2010, which is incorporated herein by reference.

Results of Operations

The following table sets forth income statement data as a percentage of net revenue for each of the periods indicated:

	Three Months Ended March 31,	
	2011	2010
Net revenue	100.0%	100.0%
Operating expenses		
Instructional costs and services	48.1	41.0
Selling and promotional	29.3	30.1
General and administrative	6.7	6.8
Exit costs	0.0	0.1
Total operating expenses	84.1	78.1
Operating income	15.9	21.9
Interest expense	(0.1)	(0.4)
Interest income	0.0	0.1
Income before income taxes	15.8	21.6
Income tax expense	6.5	8.8
Net income	9.3	12.9

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Net revenue. Our net revenue for the quarter ended March 31, 2011 was $101.7 million, an increase of $12.4 million, or 13.9%, as compared to net revenue of $89.3 million for the quarter ended March 31, 2010. This increase was primarily due to an increase in online enrollment and, to a lesser extent, increases in the average tuition per student as a result of tuition price increases and an increase in the number of students taking four credit courses between years, partially offset by an increase in institutional scholarships and reduced revenue caused by our transition to a borrower-based, non-term financial aid system ("BBAY") from a term-based financial aid system. End-of-period enrollment increased to approximately 42,500, as we were able to continue our growth and increase our recruitment, marketing, and enrollment operations. We are anticipating increased pressure on new and continuing enrollments due primarily to the increasing challenges presented in the economy, the impact of new and proposed regulations, and increased competition.

Instructional costs and services expenses. Our instructional costs and services expenses for the quarter ended March 31, 2011 were $48.9 million, an increase of $12.2 million, or 33.3%, as compared to instructional costs and services expenses of $36.7 million for the quarter ended March 31, 2010. This increase was primarily due to increases in instructional compensation and related expenses, faculty compensation, bad debt expense, depreciation and amortization, and instructional supplies of $3.3 million, $2.6 million, $5.3 million, $0.9 million, and $0.8 million, respectively, partially offset by a decrease in other miscellaneous instructional costs and services of $0.7 million. These increases are primarily attributable to the increased headcount (both staff and faculty) needed to provide student instruction and support services, including increased occupancy and equipment costs for the increased headcount, to support the increase in enrollments. Our instructional costs and services expenses as a percentage of net revenue increased by 7.1% to 48.1% for the quarter ended March 31, 2011, as compared to 41.0% for the quarter ended March 31, 2010 primarily due to an increase in faculty compensation as a percentage of revenue as we have seen decreases in class size as the result of increasing the number of starts, an increase in employee compensation and related expenses as a percentage of revenue, and increased instructional supplies due to increased licensing fees related to educational resources and continued improvement in curriculum development and new and enhanced innovative educational tools, partially offset by our ability to leverage the fixed cost structure of our campus-based facilities and ground faculty across an increasing revenue base. In addition, bad debt expense increased to $10.0 million or 9.9% of net revenues in the first quarter of 2011 from $4.8 million or 5.3% of revenues in the first quarter of 2010 as a result of an increase in aged receivables between periods primarily due to the current economic conditions and the conversion to BBAY.

Selling and promotional expenses. Our selling and promotional expenses for the quarter ended March 31, 2011 were $29.8 million, an increase of $2.9 million, or 11.0%, as compared to selling and promotional expenses of $26.9 million for the quarter ended March 31, 2010. This increase was primarily due to increases in employee compensation and related expenses, other selling and promotional expense, and advertising of $1.4 million, $0.9 million and $0.6 million, respectively. These increases were driven by a continued expansion in our marketing efforts, which resulted in an increase in recruitment, marketing, and staffing. Our selling and promotional expenses as a percentage of net revenue decreased by 0.8% to 29.3% for the quarter ended March 31, 2011, from 30.1% for the quarter ended March 31, 2010. This decrease occurred as a result of slowing the growth of our enrollment counselor hiring such that our new enrollment counselors as a percentage of total enrollment counselors is less in 2011 than in 2010. In this regard, we incur immediate expenses in connection with hiring new enrollment counselors while these individuals undergo training, and typically do not achieve full productivity or generate enrollments from these enrollment counselors until four to six months after their dates of hire. We plan to continue to add additional enrollment counselors in the future, although the number of additional hires as a percentage of the total headcount is expected to remain flat or decrease. In addition, we terminated our revenue sharing arrangement with MindStreams, L.L.C. in December 2010. As a result, our advertising as a percentage of revenue decreased between years.

General and administrative expenses. Our general and administrative expenses for the quarter ended March 31, 2011 were $6.8 million, an increase of $0.7 million, or 11.9%, as compared to general and administrative expenses of $6.1 million for the quarter ended March 31, 2010. This increase was primarily due to increases in other general and administrative expenses of $0.7 million. Our general and administrative expenses as a percentage of net revenue decreased by 0.1% to 6.7% for the quarter ended March 31, 2011, from 6.8% for the quarter ended March 31, 2010.

Interest expense. Our interest expense for the quarter ended March 31, 2011 was $0.1 million, a decrease of $0.2 million from $0.3 million for the quarter ended March 31, 2010, as the average interest rates were lowered as a result of the loan amendment to reduce the interest rate beginning in the third quarter of 2010.

Income tax expense. Income tax expense for the quarters ended March 31, 2011 and 2010 were $6.6 million and $7.8 million, respectively. In the first quarter of 2011, legislation was enacted by the state of Arizona implementing a gradual reduction in the corporate tax rate beginning in 2014 that will be fully phased in by 2017. As a result of this legislation we were required to adjust our deferred tax balances to account for the effect of the new state tax rate, which resulted in higher state income taxes for the first quarter of 2011. Excluding the state tax rate adjustment for our deferred balances, our effective tax rate was 40.0% during the first quarter of 2011 compared to 40.6% during the first quarter of 2010.

Net income. Our net income for the quarter ended March 31, 2011 was $9.5 million, a decrease of $2.0 million, as compared to $11.5 million for the quarter ended March 31, 2010, due to the factors discussed above.

Seasonality

Our net revenue and operating results normally fluctuate as a result of seasonal variations in our business, principally due to changes in enrollment. Student population varies as a result of new enrollments, graduations, and student attrition. The majority of our traditional ground students do not attend courses during the summer months (May through August), which affects our results for our second and third fiscal quarters. Since a significant amount of our campus costs are fixed, the lower revenue resulting from the decreased ground student enrollment has historically contributed to lower operating margins during those periods. As we have increased the relative proportion of our online students, this summer effect has recently lessened. However, one of our current focuses is to accelerate the growth of our ground student enrollment. Thus, it is likely that this seasonal effect could be more pronounced in the future. Partially offsetting this summer effect in the third quarter has been the sequential quarterly increase in enrollments that has occurred as a result of the traditional fall school start. This increase in enrollments also has occurred in the first quarter, corresponding to calendar year matriculation. In addition, we typically experience higher net revenue in the fourth quarter due to its overlap with the semester encompassing the traditional fall school start and in the first quarter due to its overlap with the first semester of the calendar year. A portion of our expenses do not vary proportionately with these fluctuations in net revenue, resulting in higher operating income in the first and fourth quarters relative to other quarters. We expect quarterly fluctuation in operating results to continue as a result of these seasonal patterns.

Liquidity and Capital Resources

Liquidity. We financed our operating activities and capital expenditures during the three months ended March 31, 2011 and 2010 primarily through cash provided by operating activities. Our unrestricted cash and cash equivalents were $30.2 million and $33.6 million at March 31, 2011 and December 31, 2010, respectively. Our restricted cash and cash equivalents at March 31, 2011 and December 31, 2010 were $50.2 million and $52.9 million, respectively.

On April 8, 2011, the University entered into an amended and restated loan agreement with Bank of America, N.A. (the “Amended Agreement”). Under the Amended Agreement, the bank (a) extended the maturity date of the University’s existing loan from April 30, 2014 to March 31, 2016 and decreased the interest rate on the outstanding balance from the BBA Libor Rate plus 225 basis points to the BBA Libor Rate plus 200 basis points (all other terms of the existing loan remain the same), and (b) provided to the University a revolving line of credit in the amount of $50.0 million through March 31, 2016 to be utilized for working capital, capital expenditures, share repurchases and other general corporate purposes. The Amended Agreement contains standard covenants that are substantially consistent with those included in the prior agreement, including covenants that, among other things, restrict the University’s ability to incur additional debt or make certain investments, require the University to maintain compliance with certain applicable regulatory standards, and require the University to maintain a certain financial condition. Indebtedness under the Amended Agreement is secured by all of the University’s assets.

Based on our current level of operations and anticipated growth, we believe that our cash flow from operations and other sources of liquidity, including cash and cash equivalents and our revolving line of credit, will provide adequate funds for ongoing operations, planned capital expenditures, and working capital requirements for at least the next 24 months.

Cash Flows

Operating Activities. Net cash provided by operating activities for the three months ended March 31, 2011 was $23.4 million as compared to $49.1 million for the three months ended March 31, 2010. Cash provided by operating activities in the three months ended March 31, 2011 and 2010 resulted from our net income plus non cash charges for bad debts, depreciation and amortization, and share-based compensation.

Investing Activities. Net cash used in investing activities was $11.9 million and $14.0 million for the three months ended March 31, 2011 and 2010, respectively. Capital expenditures were $14.7 million and $11.6 million for the three months ended March 31, 2011 and 2010, respectively. In 2011, capital expenditures primarily consisted of ground campus building projects such as a new dormitory and events arena to support our increasing traditional ground student enrollment as well as purchases of computer equipment, other internal use software projects and furniture and equipment. In 2010, cash used in investing activities primarily consisted of ground campus building projects, purchases of computer equipment, and software costs to complete our transition from Datatel to CampusVue and Great Plains, other internal use software projects, furniture and equipment to support our increasing student enrollment.

Financing Activities. Net cash used in financing activities was $14.9 million and provided by financing activities was $0.3 million in the three months ended March 31, 2011 and 2010, respectively. During the first three months of 2011, $14.2 million was used to purchase treasury stock in accordance with the University’s share repurchase program. During the first three months of 2010 proceeds from the exercise of stock options and the excess tax benefits from share-based compensation were partially offset by principal payments on notes payable and capital lease obligations.

Contractual Obligations

The following table sets forth, as of March 31, 2011, the aggregate amounts of our significant contractual obligations and commitments with definitive payment terms due in each of the periods presented (in millions):

		Payments Due by Period			
	Total	**Less than 1 Year** (1)	**2-3 Years**	**4-5 Years**	**More than 5 Years**
Long term notes payable	$ 23.4	$ 1.5	$ 3.5	$ 3.6	$ 14.8
Capital lease obligations	1.6	1.5	0.1	0.0	0.0
Purchase obligations(2)	53.2	37.1	16.1	0.0	0.0
Operating lease obligations	53.6	3.7	13.3	12.4	24.2
Total contractual obligations	$ 131.8	$ 43.8	$ 33.0	$ 16.0	$ 39.0

(1) Less than one year represents expected expenditures from April 1, 2011 through December 31, 2011.

(2) The purchase obligation amounts include expected spending by period under contracts that were in effect at March 31, 2011.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have had or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Impact of inflation. We believe that inflation has not had a material impact on our results of operations for the quarter ended March 31, 2011 or 2010. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

Market risk. On June 30, 2009, we entered into two derivative agreements to manage our 30 Day LIBOR interest exposure from the variable rate debt we incurred in connection with the repurchase of shares of our common stock and the land and buildings that comprise our ground campus, which debt matures in April 2014. The corridor instrument, which hedges variable interest rate risk starting July 1, 2009 through April 30, 2014 with a notional amount of $11.3 million as of March 31, 2011, permits us to hedge our interest rate risk at several thresholds. Under this arrangement, in addition to the credit spread we will pay variable interest rates based on the 30 Day LIBOR rates monthly until that index reaches 4%. If 30 Day LIBOR is equal to 4% through 6%, we will continue to pay 4%. If 30 Day LIBOR exceeds 6%, we will pay actual 30 Day LIBOR less 2%. The interest rate swap commenced on May 1, 2010, continues each month thereafter until April 30, 2014, and has a notional amount of $11.3 million as of March 31, 2011. Under this arrangement, we will receive 30 Day LIBOR and pay 3.245% fixed rate on the amortizing notional amount plus the credit spread.

Except with respect to the foregoing, we have no derivative financial instruments or derivative commodity instruments. We invest cash in excess of current operating requirements in short term certificates of deposit and money market instruments in multiple financial institutions.

Interest rate risk. We manage interest rate risk by investing excess funds in cash equivalents and AAA-rated marketable securities bearing variable interest rates, which are tied to various market indices. Our future investment income may fall short of expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that have declined in market value due to changes in interest rates. At March 31, 2011, a 10% increase or decrease in interest rates would not have a material impact on our future earnings, fair values, or cash flows. For information regarding our variable rate debt, see “Market risk” above.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that information required to be disclosed in reports filed by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In connection with the restatement discussed in the Explanatory Note to this Form 10-Q/A and in Note 2 to our condensed financial statements, under the direction of our Principal Executive Officer and Principal Financial Officer, management conducted a reevaluation of the effectiveness of our internal control over financial reporting as of March 31, 2011. The framework on which such evaluation was based is contained in the report entitled “Internal Control - Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO ReporReport”). Based on the evaluation and the criteria set forth in the COSO Report, management identified a material weakness in internal control over financial reporting described in the management’s report on internal control over financial reporting included in Item 9A to our 2010 Form 10-K/A related to our calculation of the allowance for doubtful accounts that continued to exist as of March 31, 2011. Under Audit Standard No. 5, a material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Based on its reevaluation, including consideration of the aforementioned material weakness, and the criteria discussed above, management has restated its conclusion relative to the effectiveness of our internal control over financial reporting as of March 31, 2011. Accordingly, management now concludes that our internal control over financial reporting was not effective at a reasonable assurance level as of March 31, 2011.

Remediation Steps to Address Material Weakness

Management has dedicated significant resources to correct the methodology relating to the calculation of our allowance for doubtful accounts and to ensure that we take proper steps to improve our internal controls and remedy our material weakness in our internal control over financial reporting and disclosure controls. Management has implemented effective control policies and procedures and remediated the underlying control deficiencies by taking the following actions:

- conducted a full review of our methodology for estimating the allowance for doubtful accounts
- established controls and procedures adequate to timely identify changes to the composition of our accounts receivable
- established controls and procedures to enhance our ability to monitor collection trends.

Management believes that the actions described above have remediated the identified material weakness and strengthened our internal control over financial reporting as of the date of this filing.

Changes in Internal Control over Financial Reporting.

Except as noted above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K/A for the year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On August 16, 2010, our Board of Directors adopted a stock repurchase program, pursuant to which we are authorized to repurchase up to $25.0 million of shares of common stock, from time to time, depending on market conditions and other considerations. The expiration date on the repurchase authorization is September 30, 2011 and repurchases occur at our discretion. Repurchases may be made in the open market or in privately negotiated transactions, pursuant to the applicable Securities and Exchange Commission rules. The amount and timing of future share repurchases, if any, will be made as market and business conditions warrant. During the quarter ended March 31, 2011, we purchased 945,200 shares of common stock at an aggregate cost of $14.2 million and for an average price of $15.03 per share. At March 31, 2011, there remains $10.0 million available under our current share repurchase authorization.

The following table sets forth our share repurchases of common stock during each period in the first quarter of fiscal 2011:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under that Programs
January 1, 2011 — January 31, 2011	—		—	$ 24,218,000
February 1, 2011 — February 28, 2011	100,000	15.78	100,000	$ 22,640,000
March 1, 2011 — March 31, 2011	845,200	14.95	845,200	$ 10,007,000
Total	945,200	15.03	945,200	$ 10,007,000

Item 3. Defaults Upon Senior Securities

None.

Item 4. Reserved

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Number	Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation.	Incorporated by reference to Exhibit 3.1 to Amendment No. 6 to the University's Registration Statement on Form S-1 filed with the SEC on November 12, 2008.
3.2	Second Amended and Restated Bylaws.	Incorporated by reference to Exhibit 3.1 to the University's Current Report on Form 8-K filed with the SEC on August 2, 2010.
4.1	Specimen of Stock Certificate.	Incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the University's Registration Statement on Form S-1 filed with the SEC on September 29, 2008.
4.2	Amended and Restated Investor Rights Agreement, dated September 17, 2008, by and among Grand Canyon Education, Inc. and the other parties named therein.	Incorporated by reference to Exhibit 4.2 to Amendment No. 2 to the University's Registration Statement on Form S-1 filed with the SEC on September 29, 2008.
10.1	Amended and Restated Loan Agreement, dated April 8, 2011 by and between the University and Bank of America, N.A.	Incorporated by reference to Exhibit 10.1 to the University's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2011.
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †	Filed herewith.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †	Filed herewith.

† This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any filings of the University,

whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAND CANYON EDUCATION, INC.

Date: November 14, 2011

By: /s/ Daniel E. Bachus
Daniel E. Bachus
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

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31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
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† This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any filings of the University, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 0F THE SARBANES-OXLEY ACT OF 2002**

I, Brian E. Mueller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ending March 31, 2011 of Grand Canyon Education, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

/s/ Brian E. Mueller
Brian E. Mueller
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) and 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 0F THE SARBANES-OXLEY ACT OF 2002

I, Daniel E. Bachus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ending March 31, 2011 of Grand Canyon Education, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

/s/ Daniel E. Bachus
Daniel E. Bachus
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Grand Canyon Education, Inc. (the “University”) for the quarter ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian E. Mueller, Chief Executive Officer, of the University, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the University.

Date: November 14, 2011

/s/ Brian E. Mueller

Brian E. Mueller
Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10Q of Grand Canyon Education, Inc. (the “University”) for the quarter ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel E. Bachus, Chief Financial Officer, of the University, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the University.

Date: November 14, 2011

/s/ Daniel E. Bachus

Daniel E. Bachus
Chief Financial Officer (Principal Financial and Principal Accounting Officer)