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Grand Canyon Education, Inc. (LOPE)

Q3 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Q3 2024 Grand Canyon Education Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Dan Bachus, CFO. Please go ahead.

Daniel E. Bachus
Chief Financial Officer, Grand Canyon Education, Inc.

Joining me on today's call is our Chairman and CEO, Brian Mueller. Please note that many of our comments today will contain forward-looking statements that involve risks and uncertainties. Various factors could cause our actual results to be materially different from any future results expressed or implied by such statements. These factors are discussed in our SEC filings, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. We undertake no obligation to provide updates with regard to the forward-looking statements made during this call, and we recommend that all investors review these reports thoroughly before taking a position in GCE.

And with that, I will turn the call over to Brian.

Brian E. Mueller
Chairman, Chief Executive Officer & Director, Grand Canyon Education, Inc.

Good afternoon and thank you for joining Grand Canyon Education's third quarter 2024 conference call. GCE had another solid quarter, producing online enrollment growth of 5.8% and hybrid growth excluding the closed site and those in teach-out of 12.6%. Although we are disappointed that ground enrollment is down slightly year over year, this was not unexpected given the widely reported challenges faced industry-wide.

We also continue to produce strong retention rates while investing heavily in initiatives for our university partners. The investment GCE and its 22 partner institutions are making are based on the belief that there is a vast amount of untapped potential in today's workforce. Many recent high school graduates did not go to college this year because of exorbitant tuition rates, potentially exorbitant debt levels and difficulty managing the FAFSA site.

Many older students who could benefit from higher education are not attending because of the lack of creative delivery models that do not take into account their life situations. Grand Canyon education will continue to grow at our stated goals over the long run because we are addressing those challenges in ways that work for students and employers.

With that, I would like to review the results of the four delivery platforms at GCE. First, the online campus at Grand Canyon University. New starts were up again in the third quarter of 2024, and total enrollment growth met our long-term objectives, up 5.8% over the prior year. The new start growth rate in the low-single digits in the third quarter was slightly lower than we had expected. But as we have discussed previously, the year-over-year comp was extremely tough given growth in the third quarter of 2023 significantly exceeded our long-term objectives and which was made more difficult given the third quarter is the largest start quarter of the year.

We still anticipate starts for the fourth quarter to be up in the mid-single digits, even with what continues to be challenging comps. There are many reasons for this, but I want to highlight four. One, we continue to stay hyper focused on opportunities that exist in today's labor market. And since the beginning of the pandemic, GCU has rolled out 148 new programs, emphases and certificates across the 10 colleges. These programs are tied directly to labor market opportunities for students. One of the responses of universities to the declining enrollments during the pandemic was to reduce the number of programs they offered.

Two, we continue to work with employers directly to address their workforce shortages. This effort is focused on the industries of education, healthcare, technology, public safety and the military. In the third quarter, new starts from this work increased 7.5% year over year.

Number three, the retention of students in the third quarter remained strong, which we believe continues because of the relevancy of the programs that students are entering and their direct tie to the students' career aspirations.

And four GCU has resisted responding to the slower growth during the pandemic by raising tuition significantly, which many institutions have done. Online net tuition increases since 2018 have averaged approximately 1% per year.

The reason Grand Canyon Education and its largest partner, Grand Canyon University, has produced consistent results over the last 16 years is that we stay focused on programs that are a real benefit to students and employers. I want to reiterate that the low-single-digit new online start number was due to the above-average growth rates one year ago. Again, we will continue to stay focused on our stated growth plan and believe new start growth will return to mid-single-digit rates in the fourth quarter and continue at that level into next year.

Second, the GCU ground campus for traditional students. New and total traditional campus enrollment was down slightly year over year. Although this is a disappointing result, this is equal to or better than what is occurring nationwide. Department of Education's FAFSA issues in which processing problems and glitches caused major delays in universities receiving the FAFSA data from eligible students, and once they did, millions of forms were found to have errors and needed to be reprocessed, forcing a lot of universities to push back deadlines.

As a result of these delays, the number of FAFSA completions among high school [ph] seniors (00:05:33) is down significantly, including at GCU. According to preliminary data released recently by the National Student Clearinghouse Research Center, freshmen enrollment dropped more than 5% from last year at colleges and universities, and that at both public and private four-year schools that admit the largest share of students receiving Pell Grants, freshman enrollment dropped by more than 10% from 2023 levels.

Our percentage of ground traditional students that receive Pell Grants is comparable to state universities. GCU ended its recruiting cycle up year over year, as was expected in applications and registrations with students that did not complete the FAFSA. It was down in applications and registrations with students that completed the FAFSA. GCU will be able to re-accelerate growth on the ground campus because of GCU's significant advantages, including the very low price point, very low average debt levels, percent of students completing in less than four years, and the relevancy of GCU academic programs. We anticipate that GCU will benefit from both trends.

We will continue to focus on meeting GCU's growth goals for traditional students attending on GCU's campus with GCU's goal still being 50,000 and focus on traditional age students across the country who want to do their academic work from home. It is our understanding the Department of Education continues to work on fixes to the FAFSA issues and that the initial results have been positive. We believe that this, along with a number of strategy changes to address this specific challenge for 2025-2026 that we have made will help us meet the university's new enrollment growth goals of a 15% increase in new enrollments over 2024-2025.

Third, Grand Canyon Education's hybrid campus had an increase in enrollment year over year of 8.1% in the third quarter. Excluding the closed site and those that are on teach-out, enrollment increased 12.6% year over year. New fall enrollments, excluding the closed site and those that are on teach-out, were up approximately 10% year over year, which was slightly better than our projected mid to high-single-digit growth year-over-year expectation. We expect the new enrollment growth rate in the spring of 2025 to show similar growth on a year-over-year basis.

There are two main reasons for this continued growth. Number one, almost all of our active ABSN partners have responded to the younger students interested in ABSN programs by admitting advanced standing students or are in the process of making that change. Students with partially completed degrees have accumulated a great deal of debt and are very interested in nursing careers but didn't have an efficient way to earn the prerequisite science coursework.

GCU created the science courses and some other gen ed courses so they could be delivered online in eight weeks. Students can access these courses from anywhere in the world. There are start opportunities almost every week. These courses have been made very affordable, are taught by experienced faculty. Class sizes are low. And there's a tremendous amount of academic support, including an artificial intelligence project that went live in October 2023, which provide students 24/7 access to tutoring.

Since implementing these courses, we have already enrolled approximately 11,522 students. We have a waterfall report that allows us to know how students are progressing through their prereq courses and when they will be eligible to start at one of our ABSN sites. The success rate of students who successfully enter the ABSN program is in the high 80s. And the first time pass rate on the NCLEX exam is approximately 90%.

We now have an extremely efficient way to get students academically eligible and prepared to enter the program. These positive results, we anticipate, will continue. There's never been greater interest among potential students for entering the healthcare professions and specifically nursing. Because of the low unemployment rate, the interest has shifted to these younger students who have an accumulated a great deal of debt, completing a bachelor's degree in another area and are currently underemployed.

Nearly all our partners have responded positively to the changes needed to serve the advanced standing student. Our goal is to still have 80 locations with our partners, with 40 of those locations being GCU locations.

Fourth, the Center for Workforce Development in Grand Canyon University. In the 2022-2023 school year, we started 80 students in GCU's electricians pre-apprenticeship program in partnership with companies that are experiencing labor shortages in that area and are excited about hiring GCU's graduates. The program consists of four core credit courses and runs one semester. 74 students successfully completed the program in the first year.

This past school year, we started 233 students in the program. 123 students completed this program in the fall and 82 in the spring of 2024. GCU has 164 students enrolled in this program in the fall of 2024, including 23 in Austin, Texas. A year ago, GCU also started 19 students in a manufacturing certificate program and has 23 students in that program this fall.

GCU is running a small parts manufacturing business on campus. It is doing work for some of the major companies in Arizona. These students are attending school for 20 hours a week and then work in the facility as a paid employee for 20 hours. At the end of the semester, they receive a manufacturing certificate and become eligible for employment in Arizona's fast-growing manufacturing industry. GCU's growing engineering college also has students assisting with this project. Once this concept has been successfully proved out, we expect to work with GCU to scale this program and then add others.

I started out talking about the relevant programs and creative delivery models that GCE has implemented with its 22 partner institutions. In the six-plus years since GCE has become a service provider, it has helped its partners accomplish the following. In that time, GCE has helped Grand Canyon University graduate 175,209 students; 47,419 in education, including 22,492 first-time teachers at a time when teacher shortages have created a national crisis; 47,615 in nursing and healthcare professions, including 2,594 pre-licensure nurses at a time when there is a huge shortage of nurses; 35,211 in the College of Humanities and Social Sciences, including thousands in counseling and social work where there are also huge shortages.

College of Business has become one of the largest business schools in America and has produced 30,577 graduates. The College of Science, Engineering and Technology has grown by 218% and provided 7,127 graduates. The Doctoral College, Honors College and the College of Theology also continue to grow. In addition, GCE has helped its other partners graduate 17,644 pre-licensure nurses and occupational therapist assistance. The numbers that I have just cited have all happened in the past six-plus years since the GCU GCE transaction and since GCE has become an education services provider.

Service revenue was $238.3 million for the third quarter of 2024, an increase of $16.4 million or 7.4% as compared to $221.9 million for the third quarter of 2023. The increase year over year in service revenue was primarily due to an increase in GCU enrollments of 4%, an increase in university partner enrollments at our off-campus classroom and laboratory sites of 8.1% and an increase in revenue per student year over year.

Operating income for the three months that ended September 30, 2024 was $48.2 million, an increase of $6.7 million as compared to $41.5 million for the same period in 2023. The operating margin for the three months ended September 30, 2024 was 20.2% as compared to 18.7% for the three months ended September 30, 2023.

Net income increased 16% to $41.5 million for the third quarter of 2024, compared to $35.7 million for the same period in 2023. GAAP diluted income per share for the three months that ended September 30 2024 is $1.42. As adjusted non-GAAP diluted income per share for the three months ended September 30, 2023 (sic) [2024] is a $1.48.

With that, I would like to turn it over to Dan Bachus, our CFO, to give a little more color on our 2024 third quarter, talk about changes in the income statements, balance sheet and other items, as well as to discuss the updated 2024 guidance.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

Thanks, Brian. Included in our Form 8-K filed with the SEC, we have included non-GAAP net income and non-GAAP diluted income per share for the three months ended September 30, 2024 and 2023. The non-GAAP amounts exclude the tax effected amount of the amortization of intangible assets of $2.1 million in the third quarters of both 2024 and 2023 and the tax effected amount of the losses on fixed asset disposals of $0.4 million for the three months ended September 30, 2023.

We believe the non-GAAP financial information allows investors to develop a more meaningful understanding of the company's performance over time. As adjusted non-GAAP diluted income per share for the three months ended September 30, 2024 and 2023 is $1.48 and $1.26 respectively.

Service revenue was slightly lower than our expectations in the third quarter of 2024, primarily due to lower than expected revenue per student and slightly lower than expected enrollments. As Brian discussed earlier, online and ground traditional enrollments were slightly less than we expected, while hybrid was slightly higher than we expected.

We continue to see a decline in professional study students, working adult students attending GCU's ground traditional campus in the evening. These enrollments are included in the ground enrollment number reported in our filings. Although revenue per student continues to grow on a year-over-year basis, primarily due to the growth in hybrid ABSN students, as these students generate a significantly higher revenue per student than we earn on the other students, as these agreements generally provide us with a higher revenue share percentage, the partners have higher tuition rates and the majority of their students take more credits on average per semester as they are in accelerated programs, the growth was slightly less than we expected in the third quarter for two primary reasons.

First, the net tuition rate for GCU's ground traditional campus was slightly less than we expected, as scholarships were higher than expected. And second, ancillary revenues were less than expected. Residential enrollment was slightly less than expected. But in the third quarter, we also saw a decline in student spend, which we believe is the result of inflationary pressures.

As was expected, the increase in revenue per student was also due to the timing of the Fall semester for the ground traditional campus. The Fall semester started two days earlier in 2024 than in 2023, which had the effect of shifting $2.2 million in service revenue from the fourth quarter of 2024 to the third quarter of 2024. In addition, contract modifications for some of our university partners in which the revenue share percentage was reduced in exchange for us no longer reimbursing the partner for certain faculty costs had the effect of reducing revenue per student.

Our operating margin in the third quarter of 2024 was higher than our expectations, primarily due to lower spend than expected. Although we continue to invest to meet our clients' growth goals, head count and certain other spend were less than projected. The third quarter operating margin was also positively impacted on a year-over-year basis due to the timing of the Fall semester start and contract modifications.

Our effective tax rate for the third quarter of 2024 was 20.8%, compared to 19.3% in the third quarter of 2023, and our guidance of 20.8%. The effective tax rate increased year over year due to higher state income taxes, partially offset by higher contributions in lieu of state income taxes year over year.

Contributions in lieu of state income taxes of $4.5 million were made in July 2024. These contributions have the effect of increasing G&A expense in the third quarter by this amount and decreasing the effective tax rate in the third and fourth quarters by this amount, roughly three-quarters in the third quarter and a quarter in the fourth quarter.

Excluding the impact of the contributions in lieu of state income taxes, our effective tax rate would have been 24.9% in the third quarter of 2024 and 23% in the third quarter of 2023. We repurchased 272,497 shares of our common stock in the third quarter of 2024, at a cost of approximately $39.3 million and another 133,792 shares were repurchased since September 30, 2024.

We have $146.4 million remaining available as of today under our share repurchase authorization. The board and the company intend to continue using a significant portion of its cash flows from operations to repurchase of shares, and we anticipate daily purchases during the rest of 2024 and early 2025 will be accelerated from what was purchased year-to-date.

Turning to the balance sheet and cash flows, total unrestricted cash and short-term investments as of September 30, 2024 were $263.6 million. GCE CapEx in the third quarter of 2024, including CapEx for new off-campus classroom and laboratory sites was approximately $9.6 million, or 4% of service revenue. We still anticipate CapEx for 2024 to be between $30 million and $40 million.

Lastly, I'd like to provide color on the guidance we have provided in our 8-K filed today. As a reminder, the guidance that we have provided in the Outlook section of our 8-K filed today is GAAP net income and diluted income per share with the components to adjust the GAAP amounts to non-GAAP as adjusted net income and non-GAAP as adjusted diluted income per share.

We have updated full year 2024 guidance to include the third quarter revenue and earnings results. We have narrowed the fourth quarter revenue range using actual Fall semester ground traditional campus and hybrid enrollment and current revenue per student trends. We continue to anticipate the new online enrollments will be up year over year in the mid-single digits in the fourth quarter of 2024, although the comps remain difficult.

We have slightly increased the midpoint of our revenue guidance from previous estimates as we estimate that higher hybrid and online revenues will more than offset the lower ground campus revenue. On the expense side, we have adjusted our assumptions for current spending trend and for the investments that are planned during the rest of the year, primarily in head count to meet our clients' growth expectations in 2025, resulting in a slight increase in operating income for the quarter.

We anticipate the hybrid pillar will continue to lose money during the remainder of 2024 given that a number of mature sites remain significantly below pre-COVID student counts. The newer sites are generally back to historical margin profiles as they are back to growing at rates more similar to what we experienced pre-COVID. But to get back to profitability, the mature sites need to get back to pre-COVID enrollment levels. Those that are now admitting advanced standing students are generally back to growth, those that are not generally continue to see enrollment challenges.

In estimating interest income for the fourth quarter of 2024, we assume cash balances will decline as we use more of our excess cash to buy back stock. We have reduced the effective tax rate for the fourth quarter of 2024 to 21.2%. Our weighted average shares guidance assumes the increased buyback activity. The board continues to authorize the repurchase of shares, as it believes the stock remains undervalued based on the metrics it uses to evaluate, including the ratio of enterprise value to adjusted EBITDA and the free cash flow yield rather than multiples of other education companies as although we can be viewed as being in the same sector, there are few, if any, appropriate costs.

Although we do not give 2025 financial guidance until our next quarter's earnings call, as we have just recently kicked off our 2025 budget process, given the significant changes that have occurred with some of our hybrid contracts during 2024, I thought it would be helpful to provide some color on the impact these changes will have on 2025 revenues and on our preliminary expectations for 2025 revenues.

We estimate that the contract modifications and site closings will lower revenue by $8.9 million in comparison to 2024, but that this reduction will have only a minimal impact on operating income. Excluding these items, we currently anticipate hybrid revenues will be up year over year in the high-single digits/low teens and we are hopeful that our hybrid pillar will come close to breaking even. This growth rate is impacted by the fact that we have 10 locations that are at or near full capacity and thus we will have little to no growth year over year in total enrollments at those locations. We are hopeful that a lot of these locations will get approval to grow in the future as they currently have waitlists.

Excluding the impact of leap year in 2024, that we estimate to be [ph] 1.6 million (00:23:41), online enrollments and revenue should continue to grow in the mid to high-single digits year over year, while ground revenues will be relatively flat year over year in the first eight months of the year and up mid to high-single digits in the last four months as we – as new enrollment growth will be partially offset by the increasing percentage of graduates.

I will now turn the call over to moderator so that we can answer questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will conduct the question-and-answer session. [Operator Instructions] Our first question comes from the line of Ryan Griffin with BMO Capital Markets. Your line is now open.

Jeffrey M. Silber
Analyst, BMO Capital Markets Corp.

Q

Thank you so much. It's actually Jeff Silber with BMO.

Brian E. Mueller
Chairman, Chief Executive Officer & Director, Grand Canyon Education, Inc.

A

[ph] Hi, Jeff (00:24:37).

Jeffrey M. Silber
Analyst, BMO Capital Markets Corp.

Q

Hey, how are you guys?

Brian E. Mueller
Chairman, Chief Executive Officer & Director, Grand Canyon Education, Inc.

A

Good.

Jeffrey M. Silber
Analyst, BMO Capital Markets Corp.

Q

I had a few questions. In your prepared remarks, you talked about the lower student spend. I think it was at the ground campus specifically because of higher inflation. Can we get a little bit more color on that? Is that something new? I mean, inflation has been around for a few years. I'm just curious why it's impacting you now.

Brian E. Mueller
Chairman, Chief Executive Officer & Director, Grand Canyon Education, Inc.

A

It's – inflation is – it probably was a little bit of a delay there because higher education is such a big picture item and there was such a strong mandate to go to college if you're going to be successful in the world. I think it took people a while to catch up to the fact that there were some very hard realities that middle class families had to face. But we think we're through that.

We're very excited about what's going to happen in our ground campus this next year for three reasons. One, we've got plans in place to deal with the FAFSA problem. We've got some strategies that we believe are going to be very successful and there are a lot of schools in the state that are very successful – are very excited about what we're able to provide for students, even if there are delays from a FAFSA perspective. So, we're prepared for that now and our percent of those students are going to go up.

Secondly, the middle-class students who we lost some of those because parents got just very nervous about sending them away from campus and incurring debt. We're thinking – we're watching as some of that is subsiding. All of our – probably 90% of our programs now, students can graduate in three years. And so, the word about the ability to come here, graduate in three years, graduate with a minimum amount of debt, is starting to circulate in a way that we think is going to increase the number of out-of-state students that are willing to come because of the low debt levels that students are accumulating here.

And so, the – we think that – the third thing that we're watching is that a lot of the offers that were being made to students, especially by some of our in-state universities the last couple of years, those offers are no longer out there. Both the University of Arizona and Arizona State University are – Arizona State just announced a $350 surcharge on every one of these students in the middle of the semester because of the $25 million shortfall. University of Arizona has significant financial issues.

In an effort to keep their growth goals going, in the past years, they've made offers to students that just haven't worked out from a financial perspective for the university. We didn't do that. We stayed very true to what our scholarship program was. And we're going to be, I think, where our percent of in-state students now is going to go up as a result of that.

So, the – some of the shortfall this year from a revenue standpoint is just the extra spend students didn't – during welcome weeks, students and families didn't spend as much money in our bookstore. And so the ancillary revenues were down, just like they're down almost everywhere in this country. And so, those things did impact us, but we think we're through that to a large extent and I think the results of the election are going to give a lot of middle-class families a lot more confidence that the financial situation that a lot of middle-class families are in is going to get better. And they're going to be doing their kids a disservice by not supporting them in going to college. And so, we're ready to have a big year on our ground campus this year and rebound in a very significant way.

Daniel E. Bachus
Chief Financial Officer, Grand Canyon Education, Inc. **A**

The only thing I'd add to that, Jeff, and Brian did a great job of explaining it, is we benefit – if you go back and listen to our calls for the last few years, we benefited from the fact that GCU's ancillary revenues grew at a faster pace than overall revenues. And just surprisingly, this year, for the reasons that Brian just explained, ancillary revenues actually grew at a slightly lower pace than other revenues. And so, it was just kind of a weird anomaly that we believe, as Brian said, had to do with inflationary pressures that families are having.

Jeffrey M. Silber
Analyst, BMO Capital Markets Corp. **Q**

Okay. Got it. I appreciate that. Brian, you mentioned the election, so that's a good segue to my next question. Obviously, it should benefit or hopefully will benefit the parents as you had mentioned. But I'm just curious from you as a company, what do you think the potential changes might be under a Trump administration?

Brian E. Mueller
Chairman, Chief Executive Officer & Director, Grand Canyon Education, Inc. **A**

Well, I think it's – has to do with what the future is as much as what the past has been. And when I say by – what I mean by that is there are a lot of rules being discussed for future implementation in higher education that are not going to be helpful to students and are not going to be helpful to the economy. What I said early on in my remarks is that there's vast amounts of untapped potential in today's workforce.

We had six graduations, online graduations a couple of weeks ago. We had a lady that is 60 years old that attended our ABSN site, earned a degree in nursing and that was going to make a 15-year run as a nurse in one of our hospitals. We had a lady who gave a graduation speech is 42 years old from Newark, New Jersey, that is becoming a math teacher in a Newark Public School district and is going to have a 20-year run in a Newark public school districts.

Some of the restrictions that are being discussed, like the gainful employment restriction on teachers, which is so counterproductive to what we're doing here and what is necessary to produce more teachers that we think – and people have reached out to us. And I believe that we're going to have a voice in what's going to happen in this next administration in terms of what the future of higher education should be.

The creative delivery models that we've developed are allowing people in the workforce to re-career in the very important areas that other universities, because of their lack of creativity, they're not providing people those options. And I think an economic development report just came out about Grand Canyon University, we paid to have it produced, but what we're worth to the economy versus what many state institutions are pulling out of the economy. This new administration is going to be very interested in what's going on here and why it's working and why it's the antidote to many of the challenges that exist in higher education.

And so, we're very bullish about – versus being looked at by the previous administration the way we were, it's going to be just the opposite in this administration. And we want to be a very active voice in all that, making sure that the creativity that institutions like us bring to the university landscape is something that's going to be appreciated and encouraged rather than in crazy ways restricted. And so, we're very much looking forward to the next four years.

Jeffrey M. Silber
Analyst, BMO Capital Markets Corp.

Q

Got it. Appreciate the color. Thanks so much.

Operator: Thank you. Our next question comes from the line of Steven Pawlak with Robert W. Baird. Your line is now open.

Steven Pawlak
Analyst, Robert W. Baird & Co., Inc.

Q

Yeah, thank you. Brian, [ph] just with (00:32:51) softness in new online enrollment, could you just help understand maybe what's driving that? Is it [ph] labor (00:32:57) market, is it just demand, certain programs [indiscernible] (00:33:01) detail as to some of the softness there?

Brian E. Mueller
Chairman, Chief Executive Officer & Director, Grand Canyon Education, Inc.

A

No, it's not. It's – we're trying to grow at – for our new online enrollments, we're trying to grow 5% to 6% per year. We're trying to grow total enrollments at 7% per year. We want to grow with really high quality students. We want to produce great graduation rates. We want to produce – we're up to now 24 advisory boards with over 800 companies on those advisory boards because people want access to our graduates, not only in Arizona, but throughout the country.

And we just want to make sure that the people that we're bringing in are going to graduate enable – be able to produce in the economy. And so, in this quarter, we staffed and spent and got the same amount, but we so overly produced a year ago that it doesn't appear as if we had a good quarter. The raw numbers are very good. It's just the year-over-year comps don't look quite as good, but we're not going to be thrown off by that. We're on target for the fourth quarter to again grow in the mid-single digits from new enrollment growth. And we were putting together a plan. We're working very hard in a plan for next year and believe it will grow at that level throughout next year.

In addition to that, we're extremely excited about the fact that we've turned the corner on these hybrid programs and the revenue per student in those programs is so high and our retention rates are so strong, our completion rates are so strong. As that thing kicks in, we're just – we're very bullish about where we're going in the next four years.

Steven Pawlak
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. And then, Dan, just to clarify, the 2025 framework, the hybrid breakeven, is that for the full year or is that a comment on sort of a crossover at some point during the year ?

Daniel E. Bachus
Chief Financial Officer, Grand Canyon Education, Inc.

A

Well, we're – again, we haven't done the budget, but the goal is to get us as close to breakeven for the full year as we can get it. But yes, I think we'll probably start out in the spring with some type of small loss and that will improve as the year goes on.

Steven Pawlak
Analyst, Robert W. Baird & Co., Inc.

Q

Excellent. Thank you.

Daniel E. Bachus
Chief Financial Officer, Grand Canyon Education, Inc.

We have reached the end of our third quarter conference call. We appreciate your time and interest in Grand Canyon Education. If you still have questions, please contact myself, Dan Bachus. Thank you very much.

Operator: Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.