

INVESTMENT MANAGEMENT AGREEMENT

Late in 2019 the Provincial Government announced that each Alberta Post-Secondary Institution (PSI) will be required to sign off on an Investment Management Agreement (IMA) which will include the institution's mandate, a financial commitment from government (i.e. provincial grants), mutual priorities, and performance metrics to facilitate the allocation of outcomes-based funding. The IMAs were introduced to ensure government and institutions are focused on meeting the needs of the province.

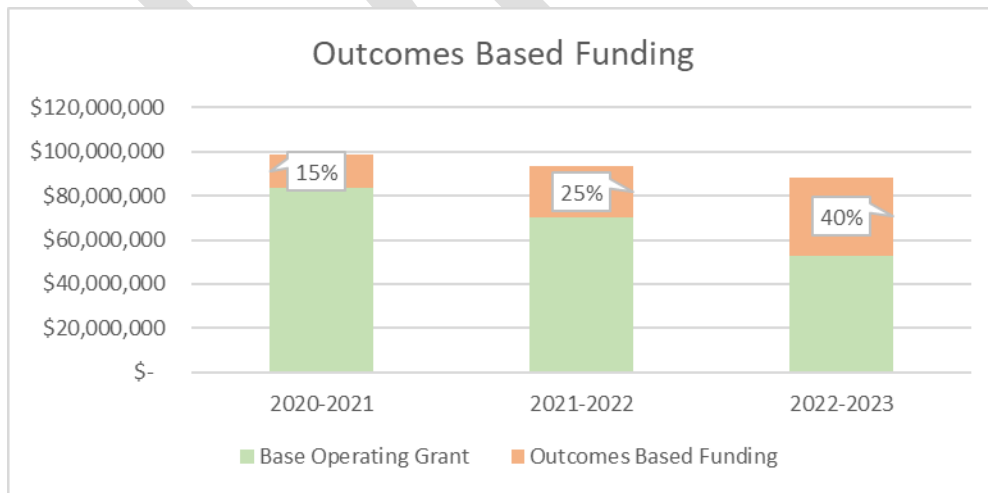
Specifically, the IMAs will:

1. Identify and explain the shared objectives and priorities between the Alberta government and the PSI.
2. Describe the agreed upon investment framework that includes performance metrics in three priority areas:
 - Skills and labour market outcomes
 - Institutional performance
 - Teaching and research
3. There will be reporting metrics that are not tied to funding that will serve to enhance transparency of the system.

Outcomes-Based Funding

The performance on the outcomes-based funding (i.e. whether the PSI has achieved the performance metrics) will be evaluated annually.

The Province is tying the Provincial operating grant amount to the University to the performance metrics. The proportion of outcomes-based funding each year of the IMA are 15% of the annual operating grant in 2020-2021, 25% in 2021-2022 and 40% in 2022-2023.



The weighting of the performance metrics will vary for each institution. Institutions that meet all of their targets will receive 100% of their operating grant in the subsequent year. If an institution does not meet its target for a specific metric, it will receive funding that is proportionate to its level of achievement for that metric. There will also be tolerance thresholds for each metric, to allow for some variability in performance (i.e. if an institution achieves nearly 100% of its target for a given metric, it will be given 100% of funding for that metric).

Metrics

The following are the performance metrics proposed by the Province starting in 2020-2021:

METRIC	WEIGHTING
Total Expenditures (\$)	40%
Administrative expense ratio	10%
Enrolment: Overall domestic	25%
Enrolment: Proportion of self-identified indigenous students	10%
Enrolment: International	5%
Sponsored research revenue (\$)	10%
	<u>100%</u>

Future year performance metrics being proposed include the following (although the definitions for the proposed measurements of the metrics have not been provided yet):

1. Skills and Labour Market Outcomes
 - Employment in a related job
 - Graduate median income
 - Work integrated learning
 - Time to completion
2. Teaching and Research
 - Competencies

What do the performance metrics mean for the University?

The performance metrics are tied to the outcomes-based funding from the Province and if the University does not meet the metrics as issued by the Province it will lose grant funding in the subsequent years.

On June 1, 2020 the Minister of Advanced Education announced that it will be delaying the implementation of the IMAs to a future date, due to the impact and uncertainties facing post-secondary institutions because of COVID-19. The delay of the IMAs has not relieved the University of the requirement to meet the total expenditure target starting in 2020-2021, which has a significant negative budgetary impact on the institution. Please refer to the [2020-2021 Budget Brief Total Expenditure Targets](#) for a more thorough explanation of this metric.