

INVESTMENT MANAGEMENT AGREEMENTS

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 and to advance the goals of [Alberta 2030 - Building Skills for Jobs Strategy](#). Implementation of the IMAs was delayed from 2020-21 until 2021-22, with only the Work Integrated Learning metric to be reported on for 2021-22. The Board of Governors approved the first IMA for the University of Lethbridge in May 2021.

Specifically, the IMAs:

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 transparency metrics that are not tied to risk funding that will serve to enhance the accountability of delivering post-secondary education to Albertans.

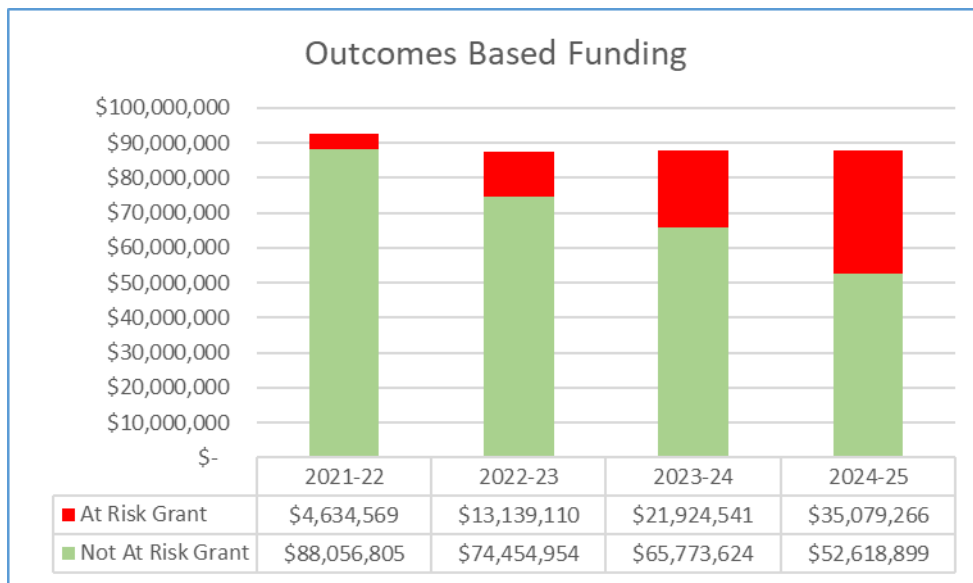
Metrics proposed by the Province for 2022-23 and beyond are the following, with details on the targets and how to measure yet to be determined:

	METRIC	Initial Implementation Year
1	Work Integrated Learning	2021-22
2	Employed Graduates	2022-23
3	Domestic Enrolment	2022-23
4	Administrative Expense Ratio	2023-24
5	Innovation & Commercialization	2023-24
6	Internationalization (transparency metric)	2023-24

Outcomes-Based Funding

The Province and each PSI will negotiate the metrics' targets, tolerance bands and proration, and weightings. The at risk grant funding as a percentage of the institution's operating grant will be 5% (2021-22 metric), 15% (2022-23 metrics), 25% (2023-24 metrics), and 40% (2024-25 metrics).

	Base Grant (est)	Not At Risk Grant	At Risk Grant	At Risk %
2021-22	\$ 92,691,374	\$ 88,056,805	\$ 4,634,569	5%
2022-23	\$ 87,594,064	\$ 74,454,954	\$ 13,139,110	15%
2023-24	\$ 87,698,165	\$ 65,773,624	\$ 21,924,541	25%
2024-25	\$ 87,698,165	\$ 52,618,899	\$ 35,079,266	40%



The performance on the outcomes-based funding (i.e. whether the PSI has achieved the performance metrics) will be evaluated annually. If the University does not achieve the performance metric target(s) in a given year within the tolerance band agreed to, the Provincial operating grant is reduced proportionately in the following fiscal year.

The Province is tying the Provincial operating grant amount to the University to the performance metrics. For 2021-22, the proportion of the operating grant tied to the first performance metric, WIL, is 5% (\$4.6 million). A target and tolerance band was negotiated with the Province. The existing metric will be updated effective April 1, 2022. If the metric result meets or exceeds the target, there will be no adjustments to the 2022-23 operating grant funding related to this metric. If the metric result fails to meet the target, and is lower than the tolerance threshold, then an adjustment will be applied against the 2022-23 funding that is proportionate to the achievement from the expected result (to a maximum of 5%, as identified above). The University expects to fully meet the 2021-22 WIL metric target and thus no reduction to our operating grant for fiscal 2022-23.