

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 reported on for 2021-22. The Board of Governors approved the first IMA for the University of Lethbridge in May 2021. Starting in 2022, the IMA is a multi-year agreement with multiple metrics, including performance-based funding metrics and transparency metrics. The IMA signed in May 2022 is effective from April 1, 2022 to March 31, 2025.

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.

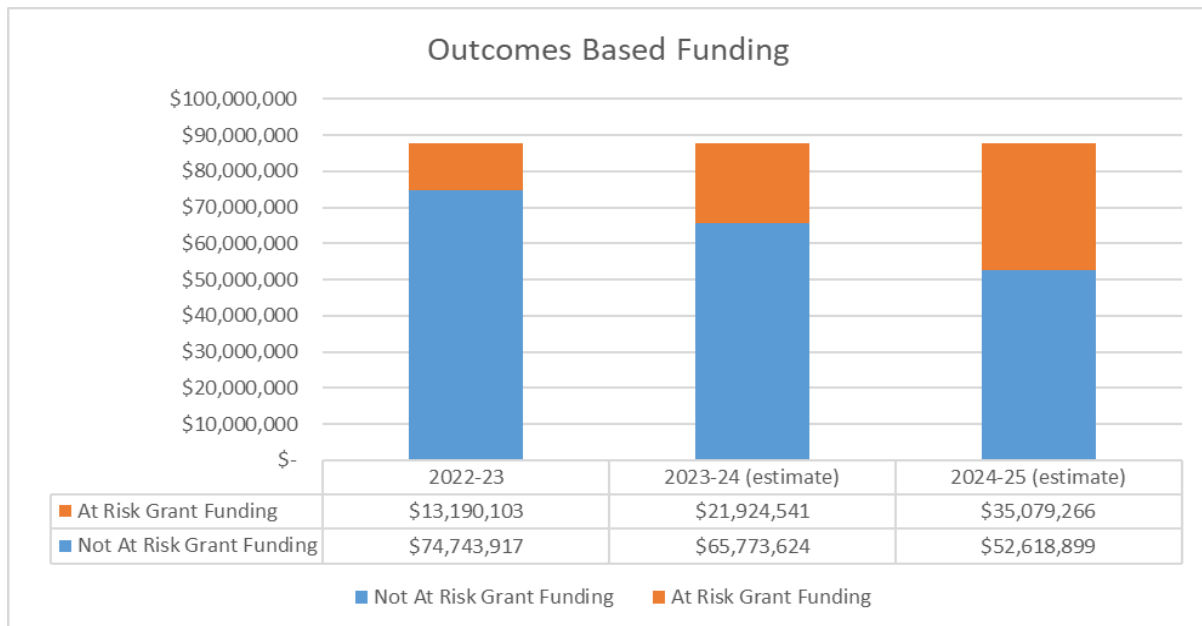
Funding and transparency metrics for 2022-23 and beyond are as follows:

Funding and Transparency Metrics							
	Weighting	2020-21 Actual	2021-22 Estimate	2022-23 Target	Tolerance Threshold	2023-24 Target	2024-25 Target
Funding Metrics							
Work Integrated Learning (WIL) by School Year	8%	100%	100%	100%	5%	TBD	TBD
Total Domestic Enrolment by School Year	5%	6,684	6,485	6,232	623	TBD	TBD
Graduate Outcomes by Survey Year	2%	95%	n/a	89%	10%	TBD	TBD
Transparency Metrics							
International Student Enrolment by School Year		495	559	594		TBD	TBD
Indigenous Student Enrolment by School Year		399	388	391		TBD	TBD
Revenue Dependency Ratio by Fiscal Year (% provincial government revenue to total revenue)		59%	56%	54%		TBD	TBD

Outcomes-Based Funding

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

Fiscal Year	Base Operating Grant	Total Percentage of Base Operating Grant Funding At Risk	Not At Risk Grant Funding	At Risk Grant Funding
2022-23	\$ 87,934,020	15%	\$ 74,743,917	\$ 13,190,103
2023-24 (estimate)	\$ 87,698,165	25%	\$ 65,773,624	\$ 21,924,541
2024-25 (estimate)	\$ 87,698,165	40%	\$ 52,618,899	\$ 35,079,266



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 University's Provincial operating grant amount to the performance metrics. For 2021-22, the proportion of the operating grant tied to the first performance metric, WIL, was 5% (\$4.6 million). A target and tolerance band was negotiated with the Province. The University met its WIL target for 2021-22, so there was no adjustment to the 2022-23 operating grant funding related to this metric. Moving forward, if the University fails to meet its funding metric targets, and is lower than the tolerance threshold, then an adjustment will be applied against the subsequent year's funding that is proportionate to the achievement from the expected result (to a maximum percentage, as identified above).