**UCGSA Position on Performance-Based Metrics**

February 5th, 2025

***Note:*** *This was originally written for our 2024 Budget Submission, which can be read in its entirety here—* [*https://gsa.ucalgary.ca/wp-content/uploads/2016/07/UCGSA-Alberta-Budget-Submission-6.pdf*](https://gsa.ucalgary.ca/wp-content/uploads/2016/07/UCGSA-Alberta-Budget-Submission-6.pdf)

Two years ago, the Ministry of Advanced Education released their *Alberta 2030: Building Skills for Jobs* strategy, a comprehensive proposal for reforms of Alberta’s post-secondary sector.[[1]](#footnote-1) Among the major goals of the AB 2030 strategy were “develop skills for jobs,” “improve sustainability and affordability,” and “strengthen system governance.”[[2]](#footnote-2) One of the mechanisms chosen to facilitate these goals was a move to “performance-based funding” (PBF): essentially, the provincial government would tie operational funding for PSIs to a predetermined set of outcomes.[[3]](#footnote-3) Institutions that were unable to meet these outcomes would see their funding clawed back. Some of the metrics proposed, and which were eventually implemented after COVID delayed the roll-out of the new funding model, included tying institutional funding to the wages of graduated students and employment outcomes.[[4]](#footnote-4)

To quote Alex Usher: “[the government] picked up on an important issue here, but almost certainly chosen the wrong tool to address it.”[[5]](#footnote-5)

Many jurisdictions around the world have some form of outcomes-based funding for PSIs, but the specifics of each system vary. In this sense, Alberta’s choice to tie some level of funding to performance-based metrics is in line with other jurisdictions. Two points of caution must be made, though—both of which are noted by Usher in his review of PBF systems for the C.D. Howe Institute.

* The overwhelmingly majority of PBF systems either tie funding to student enrollment and/or competition metrics or research performance. [[6]](#footnote-6) In *this* sense, Alberta (and Ontario) are diverging substantially from the norm by tying employment conditions and wages to institutional funding.
* Usher additionally cautions that most studies on the impact of outcomes-focused funding suffer from methodological errors, and so we do not fully know the impact of PBF funding models even on outcomes like student enrollment and research performance.[[7]](#footnote-7)

The main problem with tying funding to labour market outcomes—and no doubt the main reason why almost no jurisdictions outside of Alberta and Ontario use this metric—is because labour market outcomes are far and away out of a university administration’s control. More strongly, labour market outcomes are beyond the control of *any* singular entity—be it governments, firms, or universities—and so Alberta’s PBF model effectively punishes institutions for broad socio-economic trends. It is the equivalent of yelling at the weatherman because your crops froze.

Additionally, tying university funding to current labour market trends interferes with any institution that is attempting to be entrepreneurial. Entrepreneurship, as Joseph Schumpeter pointed out decades ago, requires taking risks and disrupting the status quo.[[8]](#footnote-8) Entrepreneurial universities thus should be expected to produce graduates that create *new* market trends, and accept that this may come at the expense of immediate employment. Punishing institutions for failing to create graduates that conform to today’s labour market disincentivizes the very risk-taking processes that drives innovation. It is irrational government interference at best and, at worst, could create a vicious cycle where institutions lose funding, contribute less to the economy, see economic conditions worsen, and are then punished *again*. If the goal of AB 2030 is to pull the rug out from under Alberta’s post-secondary system, then the government could not have designed a better policy than this.

Consequently, the Graduate Students’ Association of the University of Calgary calls upon the provincial government to abolish all performance-based metrics which tie university funding to employment or wage-based outcomes.

1. <https://open.alberta.ca/dataset/24e31942-e84b-4298-a82c-713b0a272604/resource/b5a2072e-8872-45f9-b84d-784d0e98c732/download/ae-alberta-2030-building-skills-for-jobs-10-year-strategy-post-secondary-education-2021-04.pdf> [↑](#footnote-ref-1)
2. *Ibid*, pg. 6. [↑](#footnote-ref-2)
3. *Ibid,* pg. 16. [↑](#footnote-ref-3)
4. <https://www.universityaffairs.ca/features/feature-article/the-political-battle-over-postsecondary-education-in-alberta/#:~:text=January%202020,the%202021%2D22%20academic%20year>. Note: see timeline. [↑](#footnote-ref-4)
5. <https://higheredstrategy.com/memo-to-minister-nicolaides/> [↑](#footnote-ref-5)
6. <https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/e-brief_295.pdf> pg. 4-6. [↑](#footnote-ref-6)
7. *Ibid,* pg. 8-9. [↑](#footnote-ref-7)
8. Schumpeter, J.A. (1947). "The Creative Response in Economic History". Journal of Economic History. 7 (2): 149–159. doi:10.1017/s0022050700054279. [↑](#footnote-ref-8)