Standard cost approach
RAM 2015 – Information sheet 8

Under Local Schools, Local Decisions we are changing the way resources are managed in our school system.

The biggest expenditure by a school is for classroom teachers. Teachers are paid across a range of different salary bands, starting at Step 5 for our newly appointed graduates and going up to Step 13 for our most experienced teachers. Like teachers, many other classifications of staff within schools are also paid across a number of incremental steps.

Under the Resource Allocation Model (RAM), a standard cost approach means that staff on different steps of the same employee classification will cost the same to schools. Principals will not be required to select staff based on cost and can focus on how teachers and other staff meet the needs of students in the school. The actual differences in staff costs will be managed at a system level.

What are the benefits for schools?

The benefits of a standard cost approach include:

- providing certainty for schools in budgeting and planning, as the cost of various positions is known and fixed for the calendar year
- supporting staffing flexibility based on the mix of staff and recognising the requirements of the Staffing Agreement, which is current until the end of Term 1, 2016
- providing a system-wide mechanism to support schools to manage rate variations.

What does this mean for schools from 2015?

The standard cost approach will apply to all permanent and temporary classroom teachers, together with most other staff employed in other classifications, within the 229 schools participating in the Empowering Local Schools National Partnership.

All standard costs include employee related on-costs. There will be one standard rate that applies to both permanent and temporary staff within any employee classification.

Which staff are not covered by the standard cost approach?

The standard cost approach will not apply to:

- casual staff
- staff employed using school and community source funds
- schools not yet transitioned to the new finance system.

For these staff schools must budget for their salary costs plus the associated employee related on-costs.

On-costs are the additional costs incurred in employing someone, which include items such as:

- annual leave loading
- payroll tax
- superannuation
- long service leave.