A standard cost approach
Local Schools, Local Decisions – Information sheet 8

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

The single biggest cost to a school is that of classroom teachers, but not all teachers cost the same.

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 our schools are also paid across a number of incremental steps.

Under the new Resource Allocation Model (RAM), a standard cost approach means that staff on different salaries 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 end of Term 1, 2016
- providing a system wide mechanism to support schools to manage rate variations.

What does this mean for schools from 2014?
The standard cost approach will apply to all permanent and temporary classroom teachers together with most other staff employed in other classifications within the schools participating in the 229 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.

What is included in actual costs?
Actual cost can be defined as the actual salary cost plus the associated 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.

Which staff are not covered by the standard cost approach?
The standard cost approach will not apply to casual staff and staff employed using school and community source funds. Actual costs (which includes employee related on-costs) will be charged for these staff.