

The True Cost Savings of HR Consulting



Compliance with labor laws is complex, and the cost of mistakes can be significant. Engaging a HR advisor enhances your team's expertise, helping navigate regulations and avoid fines. An investment in a HR partner will yield long-term savings, an engaged and empowered workforce and significantly reduce the risk of compliance penalties.



There have been a [sharp increase in compliance audits](#) across the board, including from Federal & State Departments of Labor and the IRS. Maine, in particular, [just passed a law to strengthen the ability](#) of Maine DOL to audit, fine and recover unpaid wages from Maine employers.

These are some penalties that our clients incurred prior to engaging with our HR advisors!

- 1 \$15,000 child labor law violation penalty for a 15 year old working 6 minutes past the allowable time.
- 2 \$16,000 in back wages and civil money penalties for misclassifying employees (salary vs hourly).
- 3 \$50,000 employment practices liability claim from a harassment claim that was handled incorrectly!
- 4 \$4,000 fine for not having labor law posters properly displayed or available to remote workers.

What else is happening to other Maine small businesses?



Wage & Hour Audits Are Rising



I-9 Investigations Are Ramping Up (\$281 to \$2,789 per error!)



Maine's Retirement Program Fines Start 1/1/25



ME PFML Penalties Will Be 1% of Total Annual Payroll

The Cost of Hiring an Internal HR Employee

Many businesses may initially consider hiring an in-house HR employee to develop and manage their HR processes. While this can seem like a logical solution, it comes with significant costs and commitments.

Factors to consider when hiring internally:

- * Recruiting a skilled HR professional is both time-consuming and expensive, requiring extensive resources to find the right candidate.
 - ➔ Job ads, recruiting fees, interview time, training, supplies and more can add up to **\$2,000 - \$20,000¹** per employee!
- * Once hired, the business incurs ongoing costs, including salary, benefits, and training to ensure they are up-to-date with ever-changing labor laws and compliance requirements.
 - ➔ The average HR Manager in Maine earns **\$83,400²** per year.
The average HR Specialist in Maine earns **\$71,567** per year.
 - ➔ Employee benefits for private industry employees can cost an average of **\$12.02 per hour, or 29.5%³** of the average cost per employee.
- * Further costs such as payroll taxes, workers compensation and unemployment insurance can weigh even more heavily on small businesses.
 - ➔ Overall, most small businesses pay about an **average of 10%** of employee wages in required payroll taxes on top of wages.
 - ➔ While each business pays a different amount, the average cost of workers' compensation insurance is **\$936⁴** per employee per year.
- * Overall, hiring a new employee can cost 1.2 to 1.4 times their salary.
 - ➔ Average Maine HR Manager earns \$83,400. $\$83,400 \times 1.4 =$ **\$116,760!**
 - ➔ Average Maine HR Specialist earns \$71,567. $\$71,567 \times 1.4 =$ **\$100,194!**

1. <https://www.indeed.com/hire/c/info/cost-of-hiring-employees#:~:text=However%2C%20most%20companies%20can%20expect,the%20position%20and%20your%20company.>

2. <https://www.ziprecruiter.com/Salaries/Hr-Manager-Salary-in-Maine#:~:text=As%20of%20Nov%2014%2C%202024,%2Fweek%20or%20%24%2C%20%2Fmonth.>







3. <https://www.bls.gov/news.release/pdf/cecc.pdf>

4. <https://advisorsmith.com/business-insurance/workers-compensation-insurance/cost/>



While the financial impact of non-compliance and hiring can be daunting, the focus should be on how proactive HR practices can set your business up for success. That is where engaging a HR advisor becomes critical.

Benefits of Engaging with a HR Advisor

-  **Expert Guidance on Wage and Hour Laws**
Ensure compliance with complex regulations, avoiding costly fines and penalties.
-  **Effective Policy Development**
Create clear, compliant workplace policies that align with your business goals.
-  **Support with Employee Issues**
Navigate hiring, terminations, disciplinary actions, and employee development.
-  **Proactive Risk Management**
Identify and address potential HR issues before they escalate into costly problems.
-  **Audit Support and Preparedness**
Receive guidance and tools to handle audits with confidence.
-  **Enhanced Efficiency for Your HR Team**
Augment your existing HR team with expert support to streamline operations.

Prevention vs. Penalties

Engaging with a HR advisor is a proactive approach that often has a significantly less financial impact than hiring employees or the fines and penalties businesses face for non-compliance.

HR consulting is an investment in avoiding these financial burdens and ensuring your business operates smoothly and compliantly.

Learn more about our HR Consulting services led by local expert Danielle Nemeth at papertrails.com/consulting



Danielle Nemeth, MBA
danielle@papertrails.com