

# **Public/Private Law Enforcement vs. Retail Loss Prevention**

## **Compensation Comparison Survey March 2010**

**Prepared By**

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**An Executive Search Firm specializing in retail Loss Prevention and Safety**

**For**

**Suni Shampanda, Divisional Vice President of LP for Sears and  
Bill Titus VP of LP for Sears HC  
and presented at the annual IOBSE Conference April 2010.**

**The Law Enforcement community is broken down into two primary groups; the public sector and the private sector.**

**The public sector is comprised of roughly 883,600 State and Local Law Enforcement officers and Federal Law Enforcement Officers with only about 12% of those being female.**

## State and Local Law Enforcement Compensation

Position	Minimum salary	Maximum salary w/o longevity
Police chief	\$90,570	\$113,930
Deputy chief	74,834	96,209
Police captain	72,761	91,178
Police lieutenant	65,688	79,268
Police sergeant	58,739	70,349
Police corporal	49,421	61,173

Data according to the International City-County Management Association's annual Police and Fire Personnel, Salaries, and Expenditures Survey, average salaries for sworn full-time positions in 2008

### **The Bureau of Labor Statistics Occupational Outlook Handbook 2010-11**

Position	Lowest 10%	Average Low	Average High	Median	Upper 10%
Police Officer	\$30,070	\$38,850	\$64,940	\$51,410	\$79,680
Police & Detective Supervisors	\$46,000	\$52,320	\$92,700	\$75,490	\$114,300
Detective & Criminal Investigators	\$36,500	\$45,930	\$81,490	\$60,910	\$97,870

The median salary for a Police Chief according to salary.com is \$95,453

The above earnings do not include overtime pay that can significantly impact annual earnings. Additionally, salaries are impacted by the size of the community with rural markets paying less than urban localities. The industry is expected to grow by 10% over the 2008-18 decade in direct correlation to population growth.

Lastly, most police officers can retire after 20 years at half pay and maintain health care coverage.  
Information provided by the Bureau of Labor Statistics Occupational Outlook Handbook 2010-11

### Federal Law Enforcement Compensation (135,000 jobs)

Most Federal law enforcement agents are paid according to the U.S. Government's "General Schedule" pay scale known as the "GS Scale" which has 15 grades with 10 steps in each grade. Most agents start off at the GS-5 step 1 or as a GS-7 step 1 depending on the individual's education or experience. The FBI starts their agents at GS-10 step 1. After one year agents are automatically promoted to the next GS level step one. Progression then is driven by time in position and competitive promotion with step increases usually amounting to 3% and Grade promotions equaling at least a two step salary increase in the old grade.

Officers who are rated annually as satisfactory or higher will be granted grade step increases in pay at the following intervals:

- Steps 1 through 4 at one year intervals
- Steps 5 through 7 at two year intervals
- Steps 8 through 10 at three year intervals

The GS scale also provides for a journeyman grade for each position and is the highest grade on the scale which an agent can attain (capped) without a promotion or other competition and varies according to the specific branch.

Agents receive Cost of Living Adjustments annually as set by the President which usually averages 3%. They can also receive “locality pay” which is driven by the actual cost of living of the city they are assigned in. Additionally, the government automatically gives a large number of their agents an additional 25% to be available after business hours and covers over time pay. However some Federal Officers do receive overtime pay (1.5) depending on the branch. The GS system also allows law enforcement officers to receive extra compensation when a job involves hazardous duty.

**2010 General Schedule Annual Base Rate (no OT)**

5	27431	28345	29259	30173	31087	32001	32915	33829	34743	35657
6	30577	31596	32615	33634	34653	35672	36691	37710	38729	39748
7	33979	35112	36245	37378	38511	39644	40777	41910	43043	44176
8	37631	38885	40139	41393	42647	43901	45155	46409	47663	48917
9	41563	42948	44333	45718	47103	48488	49873	51258	52643	54028
10	45771	47297	48823	50349	51875	53401	54927	56453	57979	59505
11	50287	51963	53639	55315	56991	58667	60343	62019	63695	65371
12	60274	62283	64292	66301	68310	70319	72328	74337	76346	78355
13	71674	74063	76452	78841	81230	83619	86008	88397	90786	93175
14	84697	87520	90343	93166	95989	98812	101635	104458	107281	110104
15	99628	102949	106270	109591	112912	116233	119554	122875	126196	129517

**2010 GS Scale FBI Salary with 25% OT**

10	57213	59121	61028	62936	64844	66751	68659	70566	72474	74381
11	62858	64954	67049	69144	71239	73334	75429	77524	79619	81713
12	75342	77854	80365	82876	85387	87898	90410	92921	95342	97944
13	89592	92578	95565	98551	101537	104523	107510	110496	113482	116468
14	105871	109400	112929	116457	119986	123515	127043	130572	134101	137630
15	124535	128686	132837	136988	141140	145291	149442	153593	157745	161896

Without locality pay

**2010 GS Scale Earnings Range with 25% OT**

<b>Starting Grade 5 Step 1</b>	<b>Median Grade 10 Step 10</b>	<b>Maximum Grade 15 Step10</b>
<b>\$34,289</b>	<b>\$74,381</b>	<b>\$161,896</b>

Without locality pay

**2010 Locality Pay Tables by City for all GS levels**  
**34 Localities average 20.16% pay adjustment**

<a href="#">Alaska</a>	04.72%	<a href="#">Dayton</a>	16.24%	<a href="#">Miami</a>	20.79%	<a href="#">Richmond</a>	16.47%
<a href="#">Atlanta</a>	19.29%	<a href="#">Denver</a>	22.52%	<a href="#">Milwaukee</a>	18.10%	<a href="#">Sacramento</a>	22.20%
<a href="#">Boston</a>	24.80%	<a href="#">Detroit</a>	24.09%	<a href="#">Minneapolis</a>	20.96%	<a href="#">San Diego</a>	24.19%
<a href="#">Buffalo</a>	16.98%	<a href="#">Hawaii</a>	04.72%	<a href="#">New York</a>	28.72%	<a href="#">San Francisco</a>	35.15%
<a href="#">Chicago</a>	25.10%	<a href="#">Hartford</a>	25.82%	<a href="#">Philadelphia</a>	21.79%	<a href="#">Seattle</a>	21.81%
<a href="#">Cincinnati</a>	18.55%	<a href="#">Houston</a>	28.71%	<a href="#">Phoenix</a>	16.79%	<a href="#">Washington DC</a>	24.22%
<a href="#">Cleveland</a>	18.68%	<a href="#">Huntsville</a>	16.02%	<a href="#">Pittsburgh</a>	16.37%	<a href="#">Rest of U.S.</a>	14.16%
<a href="#">Columbus</a>	17.16%	<a href="#">Indianapolis</a>	14.68%	<a href="#">Portland</a>	20.35%		
<a href="#">Dallas</a>	20.67%	<a href="#">Los Angeles</a>	27.16%	<a href="#">Raleigh</a>	17.64%		

**2010 GS Scale FBI earnings with 20.16% locality pay & 25% OT program**

<b>10</b>	<b>68747</b>	<b>71130</b>	<b>73331</b>	<b>75623</b>	<b>77916</b>	<b>80208</b>	<b>82500</b>	<b>84792</b>	<b>87084</b>	<b>89376</b>
<b>11</b>	<b>75530</b>	<b>78048</b>	<b>80566</b>	<b>83083</b>	<b>85600</b>	<b>88118</b>	<b>90635</b>	<b>93152</b>	<b>95670</b>	<b>98186</b>
<b>12</b>	<b>90530</b>	<b>93549</b>	<b>96566</b>	<b>99583</b>	<b>102601</b>	<b>105618</b>	<b>108636</b>	<b>111653</b>	<b>114562</b>	<b>117689</b>
<b>13</b>	<b>107653</b>	<b>111241</b>	<b>114830</b>	<b>118418</b>	<b>122006</b>	<b>125594</b>	<b>129184</b>	<b>132771</b>	<b>136359</b>	<b>139947</b>
<b>14</b>	<b>127214</b>	<b>131455</b>	<b>135685</b>	<b>139934</b>	<b>144175</b>	<b>148415</b>	<b>152654</b>	<b>156895</b>	<b>161135</b>	<b>165376</b>
<b>15</b>	<b>149641</b>	<b>154629</b>	<b>159616</b>	<b>164604</b>	<b>169593</b>	<b>174581</b>	<b>170569</b>	<b>184557</b>	<b>189546</b>	<b>194534</b>

**2010 GS Scale Earnings with 20.16% locality pay & 25% OT program**

<b>Starting Grade 5 Step 1</b>	<b>Median Grade 10 Step 10</b>	<b>Maximum Grade 15 Step 10</b>
<b>\$41,201</b>	<b>\$89,376</b>	<b>\$194,534</b>

**The Private Law Enforcement Sector (1.1+ million jobs)**

The Bureau of Labor Statistics Occupational Outlook Handbook, 2010-11 Edition break's down this group into a number of "Related Occupations" and does not include middle and senior management in the retail industry. However for educational purposes we will present two groups.

- 1- "Private Detectives and Investigators" held about 45,500 jobs in 2008 with 21% being self employed. This group includes computer forensic investigators, legal investigators, corporate investigators, financial investigators, and *detectives working in retail stores*. It is expected to grow 22% over the 2008-18 decade which is "much faster than the average for all occupations". Increased Litigation, the protection of confidential information and property, internet criminal activity, increased background investigations, increased corporate espionage, and the growing financial activity worldwide will increase the demand for investigators.

<b>Position</b>	<b>Lowest 10%</b>	<b>Average Low</b>	<b>Average High</b>	<b>Median</b>	<b>Upper 10%</b>
<b>Private Investigator/Detective</b>	<b>\$23,500</b>	<b>\$30,870</b>	<b>\$59,060</b>	<b>\$41,760</b>	<b>\$76,640</b>

- 2- “Security Guards and Gaming Surveillance Officers” held 1.1 million jobs in 2008 with 55% working in the contract security business and the remaining working directly for the business concern. The specific security guard group is expected to grow 14% over the 2008-18 decade equating to 152,500 new jobs while the gaming and surveillance officer group is expected to grow 12% during that same period.

Position	Lowest 10%	Average Low	Average High	Median	Upper 10%
Security guard	\$16,680	\$19,150	\$30,100	\$23,460	\$39,360
Gaming Surveillance Officer	\$19,290	\$23,000	\$37,690	\$28,850	\$48,310

### Retail Loss Prevention Industry (20,000+ jobs)

Given that there is no available academic data as it relates to population size or salary information for this group of executives we have utilized our database of retail Loss Prevention executives to present the following information.

The retail Loss Prevention industry has over 20,000 jobs with 50%+ being non-exempt positions. Of the remaining exempt or salaried positions they are broken down as follows:

Position	Low Range	High Range	Average	Average
Single Unit LP Manager	\$35,000	\$90,000	\$45,000-\$75,000	\$60,000
Flagship LP Manager	\$65,000	\$105,000	\$75,000-\$95,000	\$87,500
District LP Manager	\$45,000	\$110,000	\$65,000-\$85,000	\$75,000
Regional LP Manager	\$60,000	\$110,000	\$70,000-\$90,000	\$80,000
Regional LP Director	\$90,000	\$180,000	\$110,000-\$150,000	\$125,000
Corporate Analyst	\$45,000	\$95,000	\$45,000-\$75,000	\$65,000
Corporate Investigator	\$50,000	\$110,000	\$65,000-\$80,000	\$70,000
Corporate LP Manager	\$75,000	\$120,000	\$85,000-\$120,000	\$100,000
Divisional LP Mgr/Dir/VP	\$110,000	\$220,000	\$140,000-\$180,000	\$160,000
Director/VP of LP	\$90,000	\$310,000	\$140,000-\$260,000	\$190,000

Starting Single Unit LPM	Median Average	Maximum Earnings
\$35,000	\$101,250	\$310,000

Geographical location cost of living variables create wide earnings fluctuations as also seen in the U.S Governments “locality pay” for their Federal Officers. Also, the retailer’s size (number of stores, sales revenue, employee population, and the number of Loss Prevention executives) significantly impacts an executive’s earnings.

### Additional Compensation Components

The retail industry offers additional compensation benefits that go well beyond that of the public law enforcement community. With over 80% offering annual bonus programs that can earn an additional 5% to as much as 100% of the executive’s base salary with the average bonus being 5% to 25% and some

even reaching 50%. These bonuses are driven by corporate and executive performance goals and can in some cases pay out at 150% to 200% of the targeted bonus.

As an executive progresses in their career and increases their store responsibility most retailers offer a car allowance or company car program which can range anywhere from \$3,600 to \$12,000 annually. Mileage reimbursement, while not designed to increase compensation, does in fact more than offset the expense of using your own vehicle. With most companies using the Federal standards to determine the mileage allowance this certainly helps financially.

The most significant long term benefit in the retail industry is being awarded stock options or stock grants. Most retailers offer this benefit and given the retailers success it can grow to a significant amount that ensures a comfortable retirement.

Stock options are usually awarded annually with the actual dollar value determined by the executive's level. With 3-4-5 year vesting schedules the executive can only sell the stock once it matures and will only profit from the actual increase in stock price from the date it was issued.

Stock grants are as well usually awarded annually with the dollar value determined by the level of the executive. With 3-4-5 year vesting schedules the executive once again can only sell the stock once it matures. However, the profit reflects the entire face value of the stock, dollar for dollar.

Long term incentive programs (LTIP) are also offered by a few retailers either in the absence of stock programs or in addition to. These extra bonuses are normally offered at the senior manager level and are paid out 2 or 3 years after being awarded. They can range from a flat dollar rate to a percentage of the executives salary and can amount to over \$25,000+.

Additional benefit programs range from matching 401k programs, employee stock purchase programs, employee discounts, health insurance, and pension programs. At the senior level it's not uncommon to see reimbursement for tax preparation and for out of pocket medical expenses as well.

When all of the components are added together the retail Loss Prevention industry has produced executives who have exceeded \$1,000,000 in total compensation in a single year. Certainly this is an exceptional accomplishment and only a very few reach it. But the fact that it is reachable separates the retail Loss Prevention executive from the majority of their counterparts in the public and private sector law enforcement industry.

## **Conclusion**

The public law enforcement community offers an individual an extremely rewarding and fantastic opportunity to serve the public and make a good living. The regimented and stable environment offers job security and a guaranteed retirement program.

As a business model the public law enforcement industry is slower to promote and reward individuals and therefore, when compared to the retail industry, it decreases an executives life time earnings capabilities.

The retail Loss Prevention industry can and often is a more volatile environment given the nature of the retail industry as a whole. However, promotions are quicker and if an executive takes a proactive approach to managing their career their life time earnings capabilities will far exceed the public law enforcement industry.