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AHFME Academic Member 2001 Total Annual Earnings Survey

Raymond S. Schmidgall

ABSTRACT

This study was conducted to determine the 2001 annual earnings of hospitality financial management educators. Fifty-two percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$30,000 to \$170,000. The lowest-paid member is an instructor while the highest-paid member is a full professor. Most respondents supplement their base salaries by both teaching during summer school and consulting. The total annual earnings of members ranged from \$30,000 to \$220,000. Hospitality financial management educators appear to be more highly compensated than hospitality industry financial executives.

The 2001 Survey

Financial management educators are respected as teachers and researchers, but how well are they paid by their institutions? Further, how much additional income do they earn from their employers beyond their annual salaries? What are their external earnings? How have their total earnings changed over the past few years? How satisfied are they with their salaries and their professional careers? In order to determine answers to these questions and others, a questionnaire was mailed to the 60 educator members of AHFME in February 2002. This article is based on the response of 31 (52%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 13 associate professors and 10 professors followed by six assistant professors and two instructors. Eleven (35%) of the respondents were administrators of hospitality programs. The locations of the respondents' academic units were separate colleges, colleges of business and human ecology, and other colleges. The highest degree granted by the universities of the respondents for the hospitality discipline ranged from a bachelor's degree to a Ph.D.

Other characteristics of respondents included the following:

- Sixty-eight percent of the respondents were employed by public universities while 32% were employed by private universities.
- Sixteen percent of the respondents were female and the remaining 84% were male.
- The specializations of respondents included ten in accounting (33%), six in cost control (20%), ten in finance (33%), and the remaining five (14%) in other areas. Other areas of expertise indicated by AHFME members were tourism and information technology.
- The highest degree earned by respondents varied from four members with a master's degree to 27 with doctorates.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	%
Instructor	7%
Assistant Professor	19%
Associate Professor	42%
Professor	32%
Total	100%
Part B	
Department Location	
Human Ecology	26%
Separate College	23%
Business	19%
Other	32%
Total	100%
Part C	
Highest Hospitality Degree	
Bachelor's	26%
Master's	42%
Ph.D.	32%
Total	100%

Four respondents had earned a CPA, six the CHAE, and ten members had other professional certifications such as the CHTP, FMP from NRA, and CHE.

Respondents, on average, had been with their *current* institutions 10 years. Seven (23%) had less than four years with their current institutions while six (19%) had more than 20 years. Eight (26%) had 4 to 9 years of experience and nine (29%) had 10 to 17 years of experience. The average duration of employment with education organizations was 15 years; thus, on average, respondents had been with their current institutions just over 67% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (two respondents) to over twenty years. The median response was ten years. Fourteen reported less than ten years, 13 reported between 10 to 20 years, and three reported twenty or more years.

Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$30,000 to \$170,000. The

mean average salary was \$77,619 and the largest group of respondents received between \$60,001 and \$70,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$50,000	4	13
50,000–60,000	1	3
60,001–70,000	10	32
70,001–80,000	3	10
80,001–90,000	4	13
90,001–100,000	2	6
>100,000	7	23
Total	31	100%

As shown in Table 3, the range of mean annual salaries varies from \$35,000 for instructors to \$113,010 for full professors. Eleven respondents, who indicated they were administrators, reported salaries ranging from \$40,000 to \$170,000 with an average of \$81,918.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Instructor	2	\$30,000–\$40,000	\$35,000
Assistant Professor	6	48,000–92,000	65,933
Associate Professor	13	33,000–108,000	73,757
Professor	10	40,000–170,000	113,010

The range and average salary by the location of respondents' academic units are shown in Table 4.

Table 4
Salaries by location of academic unit

Location	Number of Respondents	Range	Mean
Business College	6	\$40,000–\$130,000	\$100,615
Human Ecology	8	48,000–92,000	69,100
Separate College	7	67,600–150,000	76,550
Other Colleges	10	30,000–170,000	74,050

Based on the above tabulation, the range of average salaries by the location of academic unit is \$32,375. AHFME members in colleges of business earn the highest average salaries, while those faculty whose hospitality programs are located in human ecology colleges have the lowest average salaries. Average annual salaries of faculty in separate colleges and other colleges fall between these two.

The ranges and averages of salaries by specialization are shown in Table 5. AHFME members reported three major specializations: accounting, cost control, and finance. Four respondents identified other areas. The highest average salary is paid to faculty specializing in other areas.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	10	\$48,000–\$150,000	\$86,650
Cost Control	6	56,000–90,000	74,767
Finance	10	30,000–110,000	56,310
Other	4	63,000–130,000	98,500

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries and professional careers. First, five (16%) indicated they were very satisfied with their annual salaries, while 19 (61%) revealed that they were reasonably satisfied. The remaining seven (23%) indicated some degree of dissatisfaction; four were dissatisfied while one and two indicated he/she was very and terribly dissatisfied, respectively. Clearly, the majority of AHFME respondents are satisfied with their salaries. With regard to their careers, 19 respondents (61%) indicated they were very satisfied, while 12 (39%) indicated reasonably satisfied.

Additional Compensation

Twenty-two of the respondents (71%) indicated they received additional compensation from their universities. This compensation generally (18 of the 22) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$3,000 to \$25,000. The average (mean) summer school compensation was \$11,146 while the median amount was \$10,000. Seven respondents were paid by their universities on an overload basis which ranged from \$3,000 to \$24,000. The median and mean amounts were \$11,000 and \$11,329, respectively. Another nine respondents received "other compensation" from their universities. These amounts ranged from \$500 to \$28,800 while the median and mean were \$10,000 and \$11,478, respectively. Some examples of this other compensation included pay for distance education, and grants.

The total additional income received by AHFME members from their universities ranged from \$3,000 to \$44,500. The median was \$10,213 while the mean was \$17,419. The total earnings from universities, including salaries and additional income, ranged from \$30,000 to \$170,000. The median and mean were \$88,000 and \$94,691, respectively.

External Earnings

AHFME members were further queried regarding their earnings from sources external to their institutions. Choices included on the questionnaire were honorariums, royalties, consulting fees, and other. Table 6 contains a summary of members' responses. Consulting was the most common source of noninstitutional income, as 16 members (52%) earned an average of \$10,669 per year. Nine members reported being paid honorariums and nine reported royalties. Five members had other income sources. In total, 23 (74%) of the AHFME reporting academic membership earned income from external sources, ranging from \$1,000 to \$60,000. The average external earnings for respondents reporting external earnings was \$15,596.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	9	\$1,000-\$20,000	\$3,000	\$6,000
Royalties	9	1,000-30,000	6,000	8,364
Consulting	16	500-50,000	5,850	11,067
Other	5	1,000-30,000	6,000	18,000
All Sources	23	1,000-60,000	8,000	14,410

Total Earnings

The average annual total earnings of reporting AHFME members was \$102,456. The range of total earnings was \$30,000 to \$220,000. Fifteen individuals (48%) reported total earnings in excess of \$100,000. Table 7 reveals the total average earnings of AHFME members by faculty rank. As expected, full professors had the highest total earnings of \$79,967 and full professors' average earnings of \$148,803 was \$68,836. AHFME members who are full professors earn an average of 86% more than assistant professors. However, this research also suggests that as assistant professors earn their rank, much larger paychecks will come!

Table 7
Total earnings by faculty rank

Faculty Rank	Number of Respondents	Range of Total Earnings	Mean	Median
Instructor	2	\$30,000–\$50,000	\$40,000	\$40,000
Assistant Professor	6	56,000–102,000	79,967	73,900
Associate Professor	13	45,500–155,800	89,561	80,000
Professor	10	87,920–220,000	148,803	160,000

A comparison of the average salary by faculty rank and total earnings by rank is shown in Table 8.

Table 8
Comparison of average salaries and total earnings by faculty rank

	Average Base Salary	Average Total Earnings	Diff. \$	Diff. %
Instructor	\$35,000	\$40,000	\$5,000	14%
Assistant Professor	65,933	79,967	14,034	21
Associate Professor	73,757	89,561	15,804	21
Professor	113,010	148,803	35,793	32
Administration	81,918	91,191	9,273	11

The higher the faculty rank, the larger the difference between the base salary and total earnings. The differences as shown above are in both absolute and relative terms. Assistant professors on the average earned \$14,034 more than their base salaries, which was a 21% difference, while the full professors' annual total earnings were \$148,803 which was 32% greater than their average base salaries of \$113,010. Responding members who were associate professors had a 32% increase in compensation. Administrators, who have twelve-month contracts, generally have less time than the tenured professors

to increase their total earnings beyond their salaries. The difference was \$9,273 or 11%—a smaller percentage difference than those for any faculty rank.

The average nonsalary earnings and average total annual earnings by areas of specialization are shown in Table 9. The average total annual earnings by area of specialization varied significantly. The average nonsalary earnings is only for the number of recipients in each category. The average nonsalary earnings of respondents specializing in other areas exceeds those specializing in accounting, cost control, and finance.

Table 9
Nonsalary earnings and total earnings by area of specialization

Specialization	Average Nonsalary Earnings	Average Total Annual Earnings
Accounting	\$25,650	\$112,300
Cost Control	31,133	105,900
Finance	21,363	77,673
Other	41,250	139,750

Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989–2000.¹ A brief comparison of the results is shown in Table 10. Overall, salaries increased from 1989–1991, dropped slightly in both 1992 and 1993, increased significantly from 1994 to 1996, dropped slightly in 1997, and then increased annually from 1998 through 2001.

Comparisons to Others

It is interesting to compare the results in Table 10 to the average compensation of financial executives in the hospitality industry and to other educators. The annual compensation projected for HFTP members including salary, deferred compensation, and bonuses for 2001 by position was as follows:²

¹ See Schmidgall, R. S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1–10.

² Countryman, Cary and Agnes DeFranco. "Compensation and Benefits Survey 2002." *The Bottomline*, October/November, 2002, 11–32.

Table 10
Comparative salaries and total earnings, 1989–2001

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Average Annual Salaries	\$43,000	\$50,820	\$51,613	\$51,491	\$51,428	\$57,390	\$59,263	\$70,473	\$68,827	\$70,125	\$70,434	\$74,259	\$77,619
Average Total Annual Earnings	65,415	69,106	68,642	66,479	70,460	75,128	74,106	88,186	93,533	89,825	96,620	97,373	102,456
Average total earnings by faculty rank:													
Instructor	\$38,250	\$39,400	\$40,765	\$43,760	\$43,000	\$27,000	\$37,337	NA	\$29,000	\$75,500	\$12,000	\$73,333	\$40,000
Assistant Professor	52,540	59,096	53,775	52,680	56,000	49,072	53,086	64,386	68,360	64,875	66,583	61,938	79,967
Associate Professor	65,511	66,152	71,057	65,612	73,433	69,849	73,795	77,694	82,729	85,335	103,070	92,727	89,561
Full Professor	99,207	96,917	90,700	95,391	96,478	108,783	99,745	115,493	121,408	126,447	127,082	131,618	148,803
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679	94,775	91,943	93,805	91,191

*Not included in the 1989 survey.

Accounting Manager	\$54,317
Assistant Controller	57,494
CFO	111,653
Consultant	73,750
Controller/Comptroller	77,911
Corporate Controller	98,549
IT Director	105,381
Regional Controller	87,796
VP Finance	145,083
CIO	112,000

The Chronicle of Higher Education reported average salaries for 2001–2002 by faculty rank across all institutions with academic ranks as follows:³

Professor	\$83,282
Associate Professor	59,496
Assistant Professor	49,505
Instructor	36,620

Clearly, hospitality financial management professors appear to be compensated more generously than educators in general and many counterparts in the hospitality industry.

³ What Professors Earn (www.chronicle.com/free/V48/i32/4832aaup.htm).

Summary

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$77,619. The average salary varied by rank from \$35,000 for instructors to \$113,010 for full professors. AHFME members specializing in "other specializations" topped the list.

Seventy-one percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$17,419.

The most common source of external earnings was consulting. Seventy-four percent of the respondents reported external earnings which averaged \$15,596.

The total annual earnings that respondents reported for 2001 ranged from \$30,000 to \$220,000. The average was \$102,456. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from a 14% increase for instructors to a 32% increase by full professors.

Finally, 77% of the respondents reported some degree of satisfaction with their salaries while the remaining 23% reported some degree of dissatisfaction. With regard to their professional careers, 100% reported some degree of satisfaction.

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