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Raymond S. Schmidgall

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## **AHFME ACADEMIC MEMBER 1999 TOTAL ANNUAL EARNINGS SURVEY**

**Raymond S. Schmidgall**

### **ABSTRACT**

This study was conducted to determine the 1999 annual earnings of hospitality financial management educators. Sixty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$12,000 to \$114,000. The lowest-paid member is an instructor (apparently part-time) while the highest-paid member is a full professor. Most respondents supplement their base salaries by teaching during summer school and doing consulting work. The total annual earnings of members ranged from \$12,000 to \$196,500. Hospitality financial management educators appear to be more highly compensated than hospitality industry financial executives.

### **The 1999 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? In order to determine answers to these questions and others, a questionnaire was mailed to the 60 educator members of AHFME in February 2000. This article is based on the response of 36 (60%) members who returned the questionnaire.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 11 associate professors and 11 professors, followed by 9 assistant professors. Nine (26%) of the respondents are administrators of hospitality programs. The locations of the respondents' academic units were a separate college, 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 the respondents included the following:

- Eighty-six percent of the respondents were employed by public universities, while 14% were employed by private universities.
- Fourteen percent of the respondents were female and 86% were male.
- The specializations of respondents included eleven in accounting (31%), five in cost control (14%), fourteen in finance (39%), and the remaining six (16%) in other areas. Other areas of expertise indicated by AHFME members were hotel development, tourism, and information systems. None of these other areas had more than two respondents.
- Eight members had master's degrees and 27 had doctorates.

Table 1  
Selected characteristics of the respondents

<b>Part A</b>	
<b>Faculty Rank</b>	<b>%</b>
Instructor	3%
Assistant Professor	25%
Associate Professor	31%
Professor	33%
Other	8%
<b>Total</b>	<b>100%</b>
<b>Part B</b>	
<b>Department Location</b>	
Human Ecology	31%
Business	28%
Separate College	28%
Other	13%
<b>Total</b>	<b>100%</b>
<b>Part C</b>	
<b>Highest Hospitality Degree</b>	
Bachelor's	33%
Master's	19%
Ph.D.	45%
Other	3%
<b>Total</b>	<b>100%</b>

Six respondents had earned a CPA, six the CHAE, and twelve members had other professional certifications such as the CHTP. Respondents, on average, have been with their current institutions 10 years. Six (17%) have less than four years with their current institutions, while six (17%) have more than 20 years. Eleven (31%) have 4 to 9 years of experience and eleven (31%) have 10 to 14 years of experience. The average duration of employment with education organizations was 12 years; thus, on average, respondents have been with their current institutions just over 83% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (three respondents) to over 20 years. The median response was 10 years. Seventeen reported less than 10 years, 13 reported between 10 to 20 years, and six reported 20 or more years.

### *Salaries*

The annual salaries, excluding additional university compensation such as summer pay, of responding AHFME members ranged from \$12,000 to \$114,000. The mean

average salary was \$70,434 and the largest group of respondents received between \$70,001 and \$80,000 as shown in Table 2. Table 3 shows average salaries by rank.

Table 2  
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$50,000	7	20.0%
50,000–60,000	3	8.6
60,001–70,000	7	20.0
70,001–80,000	8	22.9
80,001–90,000	4	11.4
>90,000	6	17.1
<b>Total</b>	<b>33</b>	<b>100%</b>

Table 3  
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Instructor	1	\$12,000	\$12,000
Assistant Professor	9	\$35,000–\$78,000	56,139
Associate Professor	11	50,000–93,000	72,041
Professor	11	71,000–114,000	88,064
Other	3	37,000–97,800	62,267

The range of mean annual salaries varies from \$12,000 for the single instructor to \$88,064 for full professors. The nine respondents who indicated they were administrators reported salaries that ranged from \$35,000 to \$98,000 with an average of \$69,944.

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	10	\$37,000–\$114,000	\$80,215
Human Ecology	11	48,000–90,000	67,114
Separate College	10	59,000–97,800	76,980
Other Colleges	4	12,000–98,000	48,750

Based on this tabulation, the range of average salaries, by the location of academic unit, is \$31,465. AHFME members teaching in colleges of business earn the highest average salaries, while those faculty whose hospitality programs are located in "other colleges" have the lowest average salaries. Average annual salaries of faculty in separate colleges and colleges of human ecology fall between these two.

The salary range and average by highest degree offered by members' schools is shown in Table 5. There is a considerable difference between the average salaries based on highest degree offered. Surprisingly, programs offering a Ph.D. degree paid AHFME members less than other programs. This is explained by looking at faculty rank: one-half of the faculty with Ph.D. programs are at ranks lower than associate professor, while all respondents with programs granting master's degrees are either associate or full professors. In addition, only two of the respondents from programs awarding only bachelor's degrees are assistant professors, while the remainder are either associate or full professors.

Table 5  
Salary by highest degree offered

Degree	Number of Respondents	Range	Mean
Bachelor's	11	\$48,000-\$98,000	\$70,218
Master's	7	59,000-114,000	82,857
Ph.D.	16	12,000-97,800	63,300
Other	1	90,000	90,000

The ranges and averages of salaries by specialization are shown in Table 6. AHFME members reported three major specializations: accounting, cost control, and finance. Six respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in cost control.

Table 6  
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	11	\$50,000-\$108,000	\$77,205
Cost Control	5	72,000-90,000	81,200
Finance	13	12,000-91,700	58,265
Other	6	49,500-114,000	77,083

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries and professional careers. Four (11%) indicated they were very satisfied with their annual salaries, while 23 (64%) revealed that they were reasonably satisfied.

The remaining nine (25%) indicated some degree of dissatisfaction: six were dissatisfied and three were terribly dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. In regards to their careers, 14 (31%) respondents indicated they were very satisfied while 21 (58%) indicated reasonably satisfied. Only one respondent indicated he/she was terribly dissatisfied.

### *Additional Compensation*

Twenty-eight of the respondents (78%) indicated they received additional compensation from their universities. This compensation generally (21 of the 28) 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 \$24,000. The average (mean) summer school compensation was \$10,846, while the median amount was \$8,850. Eight respondents were paid by their universities on an overload basis which ranged from \$2,000 to \$26,000. The median and mean amounts were \$14,050 and \$13,119, respectively. Another eight respondents received "other compensation" from their universities. These amounts ranged from \$4,000 to \$11,500, while the median and means were \$8,000 and \$8,549, respectively.

The total additional income received by AHFME members from their universities ranged from \$2,000 to \$40,000. The median was \$10,000, while the mean was \$14,782. The total earnings from universities, including salaries and additional income, ranged from \$12,000 to \$148,000. The median and mean were \$86,900 and \$81,609, 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 7 contains a summary of members' responses. Consulting was the most common source of non-institutional income, as 23 respondents (64%) earned an average of \$10,739 per year. Ten members reported being paid honorariums and nine reported royalties. Seven members have other income sources. In total, 30 (86%) of the AHFME reporting membership earn income from external sources, ranging from \$1,500 to \$100,000. The average external earnings for respondents reporting external earnings was \$17,913.

Table 7  
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	10	\$500-\$15,500	\$3,750	\$4,520
Royalties	9	200-30,000	4,000	9,556
Consulting	23	500-30,000	9,000	10,739
Other	7	2,000-100,000	10,000	24,286
All Sources	30	1,000-100,000	10,000	17,913

### Total Earnings

The average annual total earnings of reporting AHFME members is \$96,620. The range of total earnings is \$12,000 to \$196,500. Seventeen individuals (47%) reported total earnings in excess of \$100,000. Table 8 reveals the total average earnings of AHFME members by faculty rank. As expected, full professors have the highest total earnings of the three faculty rankings. The difference between the average total earnings for assistant professors (\$66,583) and full professors' average earnings (\$127,082) is \$60,499. AHFME members who are full professors earn an average of 91% more than assistant professors. However, this research also suggests that as assistant professors earn their rank, much larger paychecks will come!

Table 8  
Total earnings by faculty rank

Faculty Rank	Number of Respondents	Range of Total Earnings	Mean	Median
Instructor	1	\$12,000	\$12,000	\$12,000
Assistant Professor	9	39,000–119,000	66,583	57,000
Associate Professor	11	77,000–150,000	103,070	97,000
Professor	11	90,000–196,500	127,082	112,200
Other	3	55,000–102,690	76,263	71,100

A comparison of the average salary by faculty rank and total earnings by rank is shown in Table 9.

Table 9  
Comparison of average salaries and total earnings by faculty rank

	Average Base Salary	Average Total Earnings	Diff. \$	Diff. %
Assistant Professor	\$56,139	\$66,583	\$10,444	19%
Associate Professor	72,041	103,070	31,029	43
Professor	88,064	127,082	39,018	44
Administration	69,944	91,943	21,999	31

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 earn \$10,444 more than their base salaries, which is a 19% difference, while the full professors' annual total earnings are \$127,082, which is 44% greater than their average base salaries of \$88,064. Responding members who are associate professors had a 43% increase in compensation. Administrators, who have 12-month contracts, generally have less time than the tenured professors to increase their

total earnings beyond their salaries. Still, the difference was \$21,999 or 31%—a smaller percentage difference than those for the full professor.

The average nonsalary earnings and average total annual earnings by areas of specialization are shown in Table 10. 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.

Table 10  
Nonsalary earnings and total earnings by area of specialization

Specialization	Average Nonsalary Earnings	Average Total Annual Earnings
Accounting	\$37,473	\$114,678
Cost Control	15,040	96,240
Finance	15,051	73,316
Other	37,250	114,333

The average nonsalary earnings of those of respondents specializing in accounting exceeds though specializing in cost control, finance and "other" as shown in Table 10.

### Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989–1999.<sup>1</sup> A brief comparison of the results is shown in Table 11. 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 in 1998 and 1999.

Table 11  
Comparative salaries and total earnings, 1989–1999

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
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
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
<b>Average total earnings by faculty rank:</b>											
Instructor	\$38,250	\$39,400	\$40,765	\$43,760	\$43,000	\$27,000	\$37,337	NA	\$29,000	\$75,500	\$12,000
Assistant Professor	52,540	59,096	53,775	52,680	56,000	49,072	53,086	64,386	68,360	64,875	66,583
Associate Professor	65,511	66,152	71,057	65,612	73,433	69,849	73,795	77,694	82,729	85,335	103,070
Full Professor	99,207	96,917	90,700	95,391	96,478	108,783	99,745	115,493	121,408	126,447	127,082
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679	94,775	91,943

\*Not included in the 1989 survey.

<sup>1</sup> See Schmidgall, R. S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1–8.



### Comparisons to Others

It is interesting to compare the above results to the average compensation of financial executives in the hospitality industry and to other educators. Roth Young's 1999 hospitality industry survey revealed median annual salaries of various financial managers as follows:<sup>2</sup>

Hotels—CFO	\$100,000
Hotels—corporate controller	70,000
Hotel operations—controller	50,000
Food service corporate—controller	50,000

*The Chronicle of Higher Education* reported average salaries for 1999–2000 by faculty rank across all institutions with academic ranks as follows:<sup>3</sup>

Professor	\$76,197
Associate Professor	55,315
Assistant Professor	45,528
Instructor	34,075

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

### Summary

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$70,434. The average salary varied by rank from \$56,139 for assistant professors to \$88,064 for full professors. AHFME members specializing in cost control topped the list.

Seventy-eight percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$14,782.

The most common source of external earnings was consulting. Eighty-three percent of the respondents reported external earnings which averaged \$17,913.

The total annual earnings that respondents reported for 1999 ranged from \$12,000 to \$196,500. The average was \$96,620. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from 19% increase for assistant professors to a 44% increase by full professors.

<sup>2</sup> Roth Young, *Wage and Salary for the Hospitality Industry*, 1999.

<sup>3</sup> P. K. Magner, *Faculty Salaries Increase 3.7% in 1999–2000*. *The Chronicle of Higher Education*, April 14, 2000, 20–24.

Finally, 75% of the respondents reported some degree of satisfaction with their salaries while the remaining 25% reported some degree of dissatisfaction. In regards to their professional careers, 97% reported some degree of satisfaction while 3% reported dissatisfaction.

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Raymond S. Schmidgall, Ph.D., is the Hilton Hotels Professor of Hospitality Financial Management in *The School of Hospitality Business* at Michigan State University.