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## **AHFME Academic Member 1998 Total Annual Earnings Survey**

**Raymond S. Schmidgall**

### **ABSTRACT**

This study was conducted to determine the 1998 annual earnings of hospitality financial management educators. Sixty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$43,000 to \$115,000. The lowest-paid member is an assistant professor 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 \$48,000 to \$190,500. Hospitality financial management educators appear to be more highly compensated than hospitality industry financial executives.

### **The 1997 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 55 educator members of AHFME in February 1999. This article is based on the response of the 33 (60%) members who returned the questionnaire.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 12 associate professors and nine professors, followed by eight assistant professors. Four (12%) 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 respondents included the following:

- Seventy-three percent of the respondents were employed by public universities while 27% were employed by private universities.
- Twelve percent of the respondents were female, 88% were male.
- The specializations of respondents included eight in accounting (24%), five in cost control (15%), 13 in finance (39%), and the remaining seven (22%) in other areas. Other areas of expertise indicated by AHFME members were human resources, tourism, food management, IS, and real estate. None of these other areas had more than two respondents.
- The highest degree earned by respondents varied from three members with a master's degree to 29 with doctorates.

Table 1  
Selected characteristics of survey respondents

<b>Part A</b>	
<b>Faculty Rank</b>	<b>%</b>
Instructor	6%
Assistant Professor	24
Associate Professor	37
Professor	27
Other	6
<b>Total</b>	<b>100%</b>
<b>Part B</b>	
<b>Department Location</b>	
Human Ecology	38%
Business	34
Separate College	19
Other	9
<b>Total</b>	<b>100%</b>
<b>Part C</b>	
<b>Highest Hospitality Degree</b>	
Bachelor's	41%
Master's	34
Ph.D.	25
<b>Total</b>	<b>100%</b>

Four respondents had earned a CPA, five the CHAE, and eight members had other professional certifications such as CHTP. Respondents, on average, have been with their current institutions 9.3 years. Nine (27%) have less than four years with their current institutions while six (18%) have more than 20 years. Eight (24%) have eight to 10 years of experience. The average duration of employment with education organizations was 13.1 years; thus, on average, respondents have been with their current institutions just over 76% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (two respondents) to over 20 years. The median response was 10 years. Twelve reported less than 10 years, 17 reported between 10 to 20 years, and four reported 20 or more years.

### **Salaries**

The annual salaries, excluding additional university compensation such as summer pay, of responding AHFME members ranged from \$43,000 to \$115,000. The mean average salary was \$70,125 and the largest groups of respondents received between \$50,000 to \$55,000 and \$70,001 to \$80,000 as shown in Table 2.

Table 2  
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$50,000	2	6.1%
50,000–55,000	7	21.2
55,001–60,000	2	6.1
60,001–65,000	5	15.1
65,001–70,000	4	12.1
70,001–80,000	7	21.2
80,001–90,000	2	6.1
>90,000	4	12.1
<b>Total</b>	<b>33</b>	<b>100%</b>

Table 3  
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Assistant Professor	8	\$43,000–\$75,000	\$56,500
Associate Professor	12	53,000–110,000	68,375
Professor	9	65,716–115,000	89,068

The range of mean annual salaries varies from \$56,500 for assistant professors to \$89,068 for full professors. The four respondents who indicated they were administrators reported salaries that ranged from \$50,000 to \$105,000 with an average of \$75,975. Since only two respondents held the rank of instructor and two respondents indicated "other," the numbers for instructor and others are not shown in Tables 3 and 8.

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	11	\$50,000–\$115,000	\$79,900
Human Ecology	12	43,000–90,000	62,792
Separate College	6	55,000–105,000	72,453
Other Colleges	3	52,000–80,000	64,667

Based on the above tabulation, the range of average salaries, by the location of academic unit, is \$17,108. AHFME members "located" in colleges of business earn the highest average salaries while those faculty whose hospitality programs are located in colleges of human ecology have the lowest average salaries. Average annual salaries of faculty in separate colleges and other colleges 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 bachelor's degree paid AHFME members almost as much as those offering a master's degree, but, as expected, those offering a doctorate paid much more than those offering lesser degrees.

Table 5  
Salary by highest degree offered

Degree	Number of Respondents	Range	Mean
Bachelor's	13	\$43,000-\$86,900	\$65,223
Master's	11	52,000-115,000	68,929
Ph.D.	8	56,000-110,000	81,875

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

Table 6  
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	8	\$52,000-\$109,000	\$74,715
Cost Control	5	70,000-110,000	83,400
Finance	13	43,000-86,900	61,108
Other	7	53,000-115,000	72,143

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries. Two (6%) indicated they were very satisfied, while 24 (73%) revealed that they were reasonably satisfied. The remaining seven (21%) indicated some degree of dissatisfaction; six were dissatisfied while one indicated he/she was terribly dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries.

### *Additional Compensation*

Twenty-two of the respondents (67%) indicated they received additional compensation from their universities. This compensation generally was for individuals on a nine-month contract who were paid for teaching summer school. The summer school compensation ranged from \$3,000 to \$21,905. The average (mean) additional compensation was \$11,362 while the median amount was \$12,000. Five respondents were paid by their universities on an overload basis which ranged from \$4,000 to \$20,000. The median and mean amounts were \$15,200 and \$14,040, respectively. Another 10 respondents received "other compensation" from their universities. These amounts ranged from \$1,000 to \$16,000 while the median and means were \$9,250 and \$8,800, respectively.

The total additional income received by AHFME members from their universities ranged from \$1,000 to \$40,000. The median was \$11,000 while the mean was \$14,937.

### *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 21 members (64%) earned an average of \$7,476 per year. Six members reported being paid honorariums and nine reported royalties. Three members have other income sources. In total, 23 (70%) of the AHFME reporting membership earn income from external sources, ranging from \$1,500 to \$60,000. The average external earnings for respondents reporting external earnings is \$13,500.

Table 7  
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	6	\$100-\$10,000	\$5,500	\$5,917
Royalties	9	1,000-40,000	3,000	9,111
Consulting	21	5,000-45,000	5,000	7,476
Other	3	3,000-35,000	9,000	15,667
All Sources	23	1,500-60,000	7,000	13,500

### *Total Earnings*

The average annual total earnings of reporting AHFME members is \$89,825. The range of total earnings is \$48,000 to \$190,000. Ten individuals 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 of \$64,875 and full professors' average earnings of \$126,447 is \$61,512. AHFME members who are full professors earn an average of 95% 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
Assistant Professor	8	\$48,000–\$108,000	\$64,875	\$63,500
Associate Professor	12	53,000–135,000	85,335	74,000
Professor	9	90,000–190,500	126,447	109,000

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	\$56,000	\$64,875	\$8,875	16%
Associate Professor	68,375	85,335	16,960	25
Professor	89,068	126,447	37,379	42
Administration	75,975	94,775	18,800	25

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 \$8,875 more than their base salaries, which is a 16% difference, while the full professors' annual total earnings are \$126,447, which is 42% greater than their average base salaries of \$89,068. Responding members who are associate professors had a 25% 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. Still, the difference was \$18,800, or 25%—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 specializa-

tion 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	\$33,240	\$107,955
Cost Control	11,000	94,400
Finance	11,092	72,200
Other	26,428	98,571

The average nonsalary earnings of those of respondents specializing in accounting exceeds those 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 1989–1997.<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, and dropped slightly in 1997.

Table 11  
Comparative salaries and total earnings, 1989–1998

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Average Annual Salaries	\$43,000	\$50,820	\$51,613	\$51,491	\$51,428	\$57,390	\$59,263	\$70,473	\$68,827	\$70,125
Average Total Annual Earnings	65,415	69,106	68,642	66,479	70,460	75,128	74,106	88,186	93,533	89,825
	<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†
Assistant Professor	52,540	59,096	53,775	52,680	56,000	49,072	53,086	64,386	68,360	64,875
Associate Professor	65,511	66,152	71,057	65,612	73,433	69,849	73,795	77,694	82,729	85,335
Full Professor	99,207	96,917	90,700	95,391	96,478	108,783	99,745	115,493	121,408	126,447
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679	94,775

\*Not included in the 1989 survey.

†Based on two respondents.

<sup>1</sup> See Schmidgall, R. S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1–7.



## Summary

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$70,125. The average salary varied by rank from \$56,500 for assistant professors to \$89,068 for full professors. AHFME members specializing in cost control topped the list.

Sixty-seven percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$14,937.

The most common source of external earnings was consulting. Sixty-three percent of the respondents reported external earnings that averaged \$13,500.

The total annual earnings that respondents reported for 1998 ranged from \$48,000 to \$109,500. The average was \$89,825. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from a 15% increase for assistant professors to a 42% increase by full professors.

Finally, 79% of the respondents reported some degree of satisfaction with their salaries while the remaining 21% reported some degree of dissatisfaction.

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