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## **AHFME Academic Member 2000 Total Annual Earnings Survey**

**Raymond S. Schmidgall**

### **ABSTRACT**

This study was conducted to determine the 2000 annual earnings of hospitality financial management educators. Fifty-five percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$28,000 to \$125,000. 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 \$38,000 to \$200,000. Hospitality financial management educators appear to be more highly compensated than hospitality industry financial executives.

### **The 2000 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 2001. This article is based on the response of 33 (55%) members who responded.

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 8 assistant professors. Eleven (33%) of the respondents are 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:

- Eighty-two percent of the respondents were employed by public universities while 18% were employed by private universities.
- Eighteen percent of the respondents were female and the remaining 82% were male.
- The specializations of respondents included eight in accounting (24%), six in cost control (18%), thirteen in finance (40%), and the remaining six (18%) in other areas. Other areas of expertise indicated by AHFME members were hotel development, tourism, and information technology.
- The highest degree earned by respondents varied from five members with a master's degree to 27 with doctorates. One respondent's highest degree is a JD.

Table 1  
Selected characteristics of the respondents

<b>Part A</b>	
<b>Faculty Rank</b>	<b>%</b>
Instructor	9%
Assistant Professor	25%
Associate Professor	33%
Professor	33%
<b>Total</b>	<b>100%</b>
<b>Part B</b>	
<b>Department Location</b>	
Human Ecology	30%
Separate College	30%
Business	25%
Other	15%
<b>Total</b>	<b>100%</b>
<b>Part C</b>	
<b>Highest Hospitality Degree</b>	
Bachelor's	24%
Master's	36%
Ph.D.	40%
<b>Total</b>	<b>100%</b>

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

Respondents, on average, have been with their *current* institutions 10 years. Eight (24%) have less than four years with their current institutions while five (15%) have more than 20 years. Six (18%) have 4 to 9 years of experience and fourteen (43%) have 10 to 16 years of experience. The average duration of employment with education organizations was 13 years; thus, on average, respondents have been with their current institutions just over 77% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (three respondents) to over twenty years. The median response was eight years. Fifteen reported less than ten years, 12 reported between 10 to 20 years, and six reported twenty or more years.

### **Salaries**

The annual salaries, excluding additional university compensation such as summer pay, of responding AHFME members ranged from \$28,000 to \$125,000. The mean average

salary was \$71,270 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	3	9
50,000–60,000	6	18
60,001–70,000	8	25
70,001–80,000	4	12
80,001–90,000	5	15
>90,000	7	21
<b>Total</b>	<b>33</b>	<b>100%</b>

Table 3  
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Instructor	3	\$52,000–\$60,000	\$56,667
Assistant Professor	8	28,000–76,000	53,125
Associate Professor	11	52,400–98,000	76,082
Professor	11	67,000–125,000	92,545

The range of mean annual salaries varies from \$53,125 for the assistant professors to \$92,545 for full professors. The nine respondents who indicated they were administrators reported salaries that ranged from \$46,000 to \$120,000 with an average of \$80,763.

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	8	\$58,000–\$125,000	\$100,615
Human Ecology	10	46,000–120,000	69,100
Separate College	10	52,000–98,000	76,550
Other Colleges	5	28,000–92,000	57,680

Based on the above tabulation, the range of average salaries by the location of academic unit is \$42,935. 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 ranges and averages of salaries by specialization are shown in Table 5. 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 5  
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	8	\$52,000–\$118,000	\$77,800
Cost Control	6	50,000–120,000	84,333
Finance	13	28,000–94,000	71,038
Other	6	45,000–25,000	66,333

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries and professional careers. Three (9%) indicated they were very satisfied with their annual salaries, while 22 (67%) revealed that they were reasonably satisfied. The remaining eight (24%) indicated some degree of dissatisfaction; five 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. In regards to their careers, 16 (48%) respondents indicated they were very satisfied while 15 (46%) indicated reasonably satisfied. Only one respondent indicated he/she was dissatisfied and one person did not respond to this question.

### *Additional Compensation*

Twenty-five of the respondents (76%) indicated they received additional compensation from their universities. This compensation generally (18 of the 25) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$3,500 to \$26,000. The average (mean) summer school compensation was \$12,476, while the median amount was \$11,025. Twelve respondents were paid by their universities on an overload basis which ranged from \$1,500 to \$18,000. The median and mean amounts were \$7,413 and \$9,131, respectively. Another seven respondents received "other compensation" from their universities. These amounts ranged from \$2,000 to \$20,000, while the median and means were \$8,000 and \$9,857, respectively. Some examples of this other compensation included pay for distance education, winter session, and lecturing to the industry.

The total additional income received by AHFME members from their universities ranged from \$1,500 to \$34,000. The median was \$17,000, while the mean was \$13,926. The total earnings from universities, including salaries and additional income, ranged from \$33,000 to \$159,000. The median and mean were \$90,000 and \$86,456, 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 non-institutional income, as 18 members (55%) earned an average of \$11,067 per year. Thirteen members reported being paid honorariums and eleven reported royalties. Two members have other income sources. In total, 25 (76%) of the AHFME reporting membership earn income from external sources, ranging from \$1,000 to \$52,600. The average external earnings for respondents reporting external earnings is \$14,410.

Table 6  
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	13	\$200-\$10,000	\$1,000	\$2,542
Royalties	11	500-35,000	2,500	8,364
Consulting	18	1,000-50,000	5,600	11,067
Other	2	12,000-24,000	18,000	18,000
All Sources	25	1,000-52,600	6,000	14,410

### *Total Earnings*

The average annual total earnings of reporting AHFME members is \$97,373. The range of total earnings is \$38,000 to \$200,000. Twelve individuals (36%) 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 have the highest total earnings of the three faculty rankings. The difference between the average total earnings for assistant professors of \$61,938 and full professors' average earnings of \$131,618 is \$69,680. AHFME members who are full professors earn an average of 112.5% 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	3	\$52,000–\$90,000	\$73,333	\$78,000
Assistant Professor	8	38,000–98,000	61,938	56,750
Associate Professor	11	59,400–137,000	92,727	90,350
Professor	11	93,100–200,000	131,618	120,000

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	\$56,667	\$73,333	\$16,666	29%
Assistant Professor	53,125	61,938	8,813	16
Associate Professor	76,082	92,727	16,645	22
Professor	92,545	131,618	39,073	42
Administration	80,763	93,805	13,042	16

The higher the faculty rank, the larger the difference between the base salary and total earnings except for instructors ( $n = 3$ ). The differences as shown above are in both absolute and relative terms. Assistant professors on the average earn \$8,813 more than their base salaries, which is a 16% difference, while the full professors' annual total earnings are \$131,618, which is 42% greater than their average base salaries of \$92,545. Responding members who are associate professors had a 22% 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 \$13,042 or 16%—a smaller percentage difference than those for the associate and full professors.

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.

Table 9  
Nonsalary earnings and total earnings by area of specialization

Specialization	Average Nonsalary Earnings	Average Total Annual Earnings
Accounting	\$37,725	\$115,525
Cost Control	7,484	91,817
Finance	18,247	89,285
Other	33,067	99,400

The average nonsalary earnings of those 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 1989–1999.<sup>1</sup> 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 have increased annually for 1998 through 2000.

Table 10  
Comparative salaries and total earnings, 1989–2000

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
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
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
<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	\$73,333
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
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
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
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679	94,775	91,943	93,805

\*Not included in the 1989 survey.

<sup>1</sup> See Schmidgall, R. S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1–9.



**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. The annual compensation projected for HFTP members for 2000 by position was as follows:

Accounting Firm Manager	\$88,775
Accounting Manager	53,862
Assistant Controller	54,338
Auditor	72,050
CFO	157,635
Consultant	115,900
Controller/Comptroller	73,416
Corporate Controller	93,534
IT Director	114,899
Regional Controller	136,209
Staff Accountant	72,597
Systems Manager	74,289
VP Finance	130,460
MIS Manager	77,156

*The Chronicle of Higher Education* reported average salaries for 1999–2000 by faculty rank across all institutions with academic ranks as follows:<sup>2</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 many counterparts in the hospitality industry.

**Summary**

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$71,220. The average salary varied by rank from \$53,125 for assistant professors to \$92,545 for full professors. AHFME members specializing in cost control topped the list.

Seventy-six percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$13,926.

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<sup>2</sup>CMA Association Service Group, "Compensation and Benefits Survey 2000," *The Bottomline*, December, 2000, 6–25.

The most common source of external earnings was consulting. Seventy-six percent of the respondents reported external earnings which averaged \$14,410.

The total annual earnings that respondents reported for 2000 ranged from \$38,000 to \$200,000. The average was \$97,373. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from a 16% increase for assistant professor to a 42% increase by full professors.

Finally, 76% of the respondents reported some degree of satisfaction with their salaries while the remaining 24% reported some degree of dissatisfaction. In regards to their professional careers, 94% reported some degree of satisfaction, while 3% reported some dissatisfaction and 3% did not respond to the question.

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