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# AHFME ACADEMIC MEMBER 2005 TOTAL ANNUAL EARNINGS SURVEY

**Raymond S. Schmidgall**

## ABSTRACT

This study was conducted to determine the 2005 annual earnings of hospitality financial management educators. Fifty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$45,000 to \$150,000. 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 \$45,500 to \$240,500. Hospitality financial management educators appear to be more highly compensated than the average college professors.

## The 2005 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 April 2006. This article is based on the response of 30 (50%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 13 associate professors and 9 assistant professors followed by six full professors. Nine (30%) of the respondents are administrators of hospitality programs. The locations of the respondents' academic units were separate colleges or schools, 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.
- Ten percent of the respondents were female and the remaining 90% were male.
- The specializations of respondents included six in accounting (20%) six in cost control (20%), eight in finance (27%), and the remaining 10 (33%) in other areas. Other areas of expertise indicated by AHFME members include law, real estate, information systems, food & beverage and clubs.
- The highest degree earned by respondents varied from one member with a bachelor's degree to four members with a master's degree to 25 with doctorates.

Table 1  
Selected characteristics of the respondents

<b>Part A</b>	
<b>Faculty Rank</b>	<b>%</b>
Instructor	7%
Assistant Professor	30%
Associate Professor	43%
Professor	20%
<b>Total</b>	<b>100%</b>
<b>Part B</b>	
<b>Department Location</b>	
Business College	30%
Human Ecology	30%
Separate College/School	17%
Other	23%
<b>Total</b>	<b>100%</b>
<b>Part C</b>	
<b>Highest Hospitality Degree</b>	
Bachelor's	43%
Master's	30%
Ph.D.	27%
<b>Total</b>	<b>100%</b>

Four respondents had earned a CPA, six the CHAE, and nine members had other professional certifications such as the CHTP, CHE, CMA, and CHA.

Respondents, on average, have been with their *current* institutions 10 years. Four (13%) have less than four years with their current institutions while five (17%) have more than 20 years. Eight (27%) have four to nine years of experience and thirteen (43%) have ten to 19 years of experience. The average duration of employment with education organizations was 16 years; thus, on average, respondents have been with their current institutions just over 63% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (one respondent) to over twenty years. The median response was seven years. Fifteen reported less than eight years, eight reported between eight to 20 years, and seven reported over 20 years.

*Salaries*

The annual salaries of responding AHFME members excluding additional university compensation such as summer school pay, ranged from \$45,000 to \$150,000. The mean average salary was \$88,502 and the largest group of respondents (nine = 31%) received between \$80,001 and \$90,000 as shown in Table 2.

Table 2  
Annual salaries of AHFME members

<b>Salary Levels</b>	<b>Number of Respondents</b>	<b>%</b>
<\$60,001	3	10%
\$60,001-\$70,000	4	14%
\$70,001-\$80,000	4	14%
\$80,001-\$90,000	9	31%
\$90,001-\$100,000	3	10%
>\$100,000	6	21%
<b>Total</b>	<b>29</b>	<b>100%</b>

As shown in Table 3, the range of mean annual salaries varies from \$45,500 for instructors to \$117,167 for full professors. Eleven respondents, who indicated they were administrators, reported salaries ranging from \$45,000 to \$104,000 with an average of \$76,688.

Table 3  
Average salary by faculty rank

<b>Rank</b>	<b>Number of Respondents</b>	<b>Range</b>	<b>Mean</b>
Instructor	2	\$45,000—\$46,000	\$45,500
Assistant Professor	9	56,500—102,000	81,611
Associate Professor	12	63,000—144,000	86,505
Professor	6	85,000—150,000	117,167

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

<b>Location</b>	<b>Number of Respondents</b>	<b>Range</b>	<b>Mean</b>
Business	9	\$72,000—\$150,000	\$100,778
Human Ecology	8	56,500—95,500	80,445
Separate College	5	70,000—150,000	109,600
Other Colleges	7	45,000—102,000	66,857

Based on the above tabulation, the range of average salaries by the location of academic unit is \$42,743. AHFME members “located” in separate colleges 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 business and human ecology 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. Five respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in finance. Those specializing in accounting reported salaries that averaged higher than those specializing in cost control and other areas.

Table 5  
Salary by specialization

<b>Specialization</b>	<b>Number of Respondents</b>	<b>Range</b>	<b>Mean</b>
Accounting	6	\$63,000—\$140,000	\$88,000
Cost Control	6	70,000—104,000	85,177
Finance	8	72,000—150,000	96,625
Other	9	45,000—150,000	87,250

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, eight (27%) indicated they were very satisfied with their annual salaries, while 16 (53%) revealed that they were reasonable satisfied. The remaining six (20%) indicated some degree of dissatisfaction; four were dissatisfied, while one each indicated he/she was very dissatisfied and extremely dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. Twelve respondents (40%) indicated they were very satisfied with their current positions while 17 (57%) are reasonably satisfied. One person was dissatisfied. With regard to their careers, 17 respondents (57%) indicated they were very satisfied, while 13 (43%) indicated they were reasonably satisfied. Therefore, overall the percentage of respondents either very or reasonably satisfied with their annual salary, current positions, and professional careers, was 80%, 97%, and 100%, respectively. As a whole, this appears to be a very satisfied group of educators!

#### *Additional Compensation*

Seventeen of the respondents (57%) indicated they received additional compensation from their universities. This compensation often (14 of the 17) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$2,000 to \$25,000. The average (mean) summer school compensation was \$11,843 while the median amount was \$9,500. Three respondents were paid by their universities on an overload basis that ranged from \$6,000 to \$25,000. The median and mean amounts were \$15,000 and \$15,333, respectively. Another five respondents received “other compensation” from their universities. These amounts ranged from \$2,000 to \$20,000 while the median and mean were \$5,000 and \$9,600, respectively. Some examples of this other compensation included pay for research grants and seminars.

The total additional income received by the 17 AHFME members from their universities ranged from \$2,000 to \$50,000. The median was \$14,000 while the mean was \$15,282. The total earnings

from universities, including salaries and additional income, ranged from \$45,000 to \$190,000. The median and mean were \$92,000 and \$97,461.

### *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 13 members (43%) earned a median of \$5,000 per year. Six members reported being paid honorariums and ten reported royalties. Six members have other income sources. In total, 23 (77%) of the AHFME reporting academic membership earned income from external sources, ranging from \$1,500—\$150,000. The average external earnings for respondents reporting external earnings is \$31,696.

Table 6  
External earnings

<b>Type of Income</b>	<b>Number of Respondents</b>	<b>Range</b>	<b>Median</b>	<b>Mean</b>
Honorariums	6	\$500—\$20,000	\$3,500	\$6,833
Royalties	10	\$500—\$55,000	2,750	16,200
Consulting	13	\$500—\$20,000	5,000	6,269
Other	6	\$4,500—\$150,000	65,000	74,083
All Sources	23	\$1,500—\$150,000	10,500	31,696

### *Total Earnings*

The average annual total earnings of reporting AHFME members is \$122,599. The range of total earnings is \$45,000 to \$240,500. Sixteen individuals (53%) 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 four faculty rankings. The difference between the average total earnings for assistant professors of \$98,333 and full professors' average earnings of \$164,833 is \$66,500. AHFME members who are full professors earn an average of 68% more than assistant professors. However, this research conducted over many years also suggests that as assistant professors earn their rank, much larger paychecks will come!

Table 7  
Total earnings by faculty rank

<b>Faculty Rank</b>	<b>Number of Respondents</b>	<b>Range of Total Earnings</b>	<b>Mean</b>	<b>Median</b>
Instructor	2	\$45,000—\$46,000	\$45,500	\$45,500
Assistant Professor	9	\$75,000—\$150,000	91,500	98,333
Associate Professor	12	\$72,000—\$220,000	108,000	132,530
Professor	6	\$113,000—\$240,500	145,000	164,833

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

	<b>Average Base Salary</b>	<b>Average Total Earnings</b>	<b>Diff. \$</b>	<b>Diff. %</b>
Instructor	\$45,500	\$45,500	\$-0-	0%
Assistant Professor	81,611	98,333	16,722	20%
Associate Professor	86,505	132,530	46,025	53%
Professor	117,167	164,833	47,666	41%
Administration	76,688	102,375	25,687	34%

The higher the faculty rank, the larger the dollar 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 \$16,722 more than their base salaries, which is a 20% difference, while the full professors' annual total earnings are \$164,833 which is 41% greater than their average base salaries of \$117,167. Responding members who are associate professors had a 53% 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 \$25,687 or 34%—smaller absolute and percentage differences than those for both associate and full professors.

#### *Comparisons to Prior Years*

Similar studies of total annual earnings of AHFME members were conducted for 1989—2004<sup>1</sup>. A brief comparison of the results is shown in Table 9. Overall, average salaries increased from 1989-1991, dropped slightly in both 1992 and 1993, increased significantly from 1994 to 1996, dropped slightly in 1997, increased annually for 1998 through 2002, dropped slightly in 2003, increased in 2004 and dropped significantly in 2005.

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<sup>1</sup> See Schmidgall, R.S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1-13.

Table 9  
Comparative salaries and total earnings, 1989-2005

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
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	\$87,250	\$86,520	\$94,075	\$88,502
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	115,111	113,637	119,117	122,599
<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	\$40,000	\$53,162	\$35,500	\$45,000	\$45,500
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	90,621	79,371	87,022	98,333
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	103,732	106,786	115,464	132,530
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	152,623	152,779	161,227	164,833
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	104,841	113,964	121,318	102,375

\*Not included in the 1989 survey.



## 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 including salary, deferred compensation, and bonuses for 2005 by position was as follows.<sup>2</sup>

Accounting Manager	\$54,022
Assistant controller	67,722
CFO	137,771
Consultant	108,998
Controller/Comptroller	83,181
Corporate Controller	96,811
IT Director	102,837
Regional Controller	115,802
VP Finance	177,019

The Chronicle of Higher Education reported average salaries for 2005—2006 by faculty rank across all institutions with academic ranks as follows:<sup>3</sup>

Professor	\$94,738
Associate Professor	67,187
Assistant Professor	56,298
Instructor	40,952

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 \$88,502. The average salary varied by rank from \$45,500 for an instructor to \$117,167 for full professors. AHFME members focusing in finance topped the list.

Fifty-seven percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$15,282.

The most common source of external earnings was consulting: Seventy-seven percent of the respondents reported external earnings that averaged \$31,696.

The total annual earnings that respondents reported for 2005 ranged from \$45,000 to \$240,500. The average was \$122,599. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from no increase for instructors to a 53% increase by associate professors.

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<sup>2</sup> Venegas, Tanya and Agnes DeFranco. "2006 Compensation and Benefits Survey Report," *The Bottomline*, November, 2006, 7-39.

<sup>3</sup> What Professors Earn *The Chronicle of Higher Education*, April 28, 2006, page A15.

Finally 80% of the respondents reported some degree of satisfaction with their salaries while the remaining 20% reported some degree of dissatisfaction. With regard to their current positions and professional careers, 97% and 100%, respectively, reported some degree of satisfaction.

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