

March 2010

AHFME Academic Member 2006 Total Annual Earnings Survey

Raymond S. Schmidgall

Follow this and additional works at: <http://scholarworks.umass.edu/jhfm>

Recommended Citation

Schmidgall, Raymond S. (2010) "AHFME Academic Member 2006 Total Annual Earnings Survey," *Journal of Hospitality Financial Management*: Vol. 16 : Iss. 1 , Article 1.

Available at: <http://scholarworks.umass.edu/jhfm/vol16/iss1/1>

This Invited Article is brought to you for free and open access by ScholarWorks@UMass Amherst. It has been accepted for inclusion in Journal of Hospitality Financial Management by an authorized editor of ScholarWorks@UMass Amherst. For more information, please contact scholarworks@library.umass.edu.

AHFME ACADEMIC MEMBER 2006 TOTAL ANNUAL EARNINGS SURVEY

Raymond S. Schmidgall

ABSTRACT

This study was conducted to determine the 2006 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 \$175,000. 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 \$45,000 to \$260,500. Hospitality financial management educators appear to be more highly compensated than the average college professors.

The 2006 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 68 educator members of AHFME in March 2007. This article is based on the answers of 34 (50%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 13 professors and 11 associate professors followed by 8 assistant professors. Six (18%) 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-six percent of the respondents were employed by public universities while 24% were employed by private universities.
- Twelve percent of the respondents were female and the remaining 88% were male.
- The specializations of respondents included ten in accounting (30%), two in cost control (6%), ten in finance (30%), and the remaining 11 (34%) in other areas. Other areas of expertise indicated by AHFME members include law, real estate, information systems, food and beverage and clubs.
- The highest degree earned by respondents varied from four members with a bachelor's degree to 30 with doctorates.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	<i>%</i>
Instructor	3
Assistant Professor	24
Associate Professor	33
Professor	40
Total	100%
Part B	
Department Location	
Business College	33%
Human Ecology	21
Separate College/School	43
Other	3
Total	100%
Part C	
Highest Hospitality Degree	
Bachelor's	27%
Master's	27
Ph.D.	46
Total	100%

Five respondents had earned a CPA, seven the CHAE, and seven members had other professional certifications such as the CHTP, CHE, and CHA.

Respondents, on average, have been with their *current* institutions 14 years. Seven (21%) have less than four years with their current institutions while six (18%) have more than 20 years. Six (18%) have four to nine years of experience and 14 (43%) have 10 to 20 years of experience. The average duration of employment with education organizations was 14 years; thus, on average, respondents have been with their current institutions for their entire 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 seven and one-half years. Fifteen reported less than eight years, fifteen reported between eight to 20 years, and four 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 \$175,000. The mean average salary was \$97,906 and the largest group of respondents (eight or 25%) received between \$70,001 and \$80,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$60,001	2	6%
\$60,001-70,000	2	6
\$70,001-80,000	8	25
\$80,001-90,000	3	9
\$90,001-100,000	5	15
\$100,001-110,000	6	18
>\$110,000	7	21
Total	33	100%

As shown in Table 3, the range of mean average annual salaries varies from \$45,000 for instructors to \$113,408 for full professors. Six respondents, who indicated they were administrators, reported salaries ranging from \$45,000 to \$152,000 with an average of \$86,717.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Instructor	1	\$45,000	\$45,000
Assistant Professor	8	68,500—101,000	78,663
Associate Professor	11	73,000—145,000	98,391
Professor	13	59,000—175,000	113,408

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	11	\$79,200—\$160,000	\$108,291
Human Ecology	7	59,000—100,000	77,500
Separate College	14	68,300—175,000	103,728
Other Colleges	1	45,000	45,000

Based on the above tabulation, the range of average salaries by the location of academic unit is \$63,291. AHFME members “located” in business 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 separate colleges 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. Eleven respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in accounting. Those specializing in finance reported salaries that averaged higher than those specializing in cost control and other areas.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	10	\$68,300—\$175,000	\$106,230
Cost Control	2	68,500—80,000	74,250
Finance	10	73,000—110,000	88,210
Other	11	45,000—160,000	103,455

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, five (15%) indicated they were very satisfied with their annual salaries, while 20 (61%) revealed that they were reasonably satisfied. The remaining eight (24%) indicated some degree of dissatisfaction; six 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. Sixteen respondents (49%) indicated they were very satisfied with their current positions while 14 (43%) are reasonably satisfied. Three people were dissatisfied. With regard to their careers, 16 respondents (49%) indicated they were very satisfied, while 17 (51%) 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 76%, 91%, and 100%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators!

Additional Compensation

Twenty-four of the respondents (71%) indicated they received additional compensation from their universities. This compensation often (16 of the 24) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$4,500 to \$27,000. The average (mean) summer school compensation was \$14,903 while the median amount was \$15,750. Three respondents were paid by their universities on an overload basis that ranged from \$3,600 to \$24,000. The median and mean amounts were \$21,000 and \$15,514, respectively. Another ten respondents received “other compensation” from their universities. These amounts ranged from \$3,000 to \$40,000 while the median and mean were \$22,500 and \$21,400, respectively. Some examples of this other compensation included pay for research grants and seminars.

The total additional income received by the 24 AHFME members from their universities ranged from \$3,000 to \$58,000. The median was \$21,000 while the mean was \$23,377. The total earnings from universities, including salaries and additional income, ranged from \$45,000 to \$208,000. The median and mean were \$107,000 and \$114,907.

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 (47%) earned a median average of \$6,500 per year. Five members reported being paid honorariums and ten reported royalties. Six members have other income sources. In total, 23 (68%) of the AHFME members earned income from external sources, ranging from \$2,000—\$55,000. The mean average external earnings for respondents reporting external earnings is \$17,361.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	5	\$300—\$20,000	\$4,000	\$6,760
Royalties	10	\$1000—\$40,000	2,250	8,600
Consulting	16	\$1000—\$25,000	6,500	8,906
Other	6	\$5,000—\$55,000	17,500	22,833
All Sources	23	\$2,000—\$55,000	11,000	17,361

Total Earnings

The average annual total earnings of reporting AHFME members is \$127,007. The range of total earnings is \$45,000 to \$260,500. Twenty-three individuals (68%) reported total earnings in excess of \$100,000 while eight individuals (24%) reported total earnings in excess of \$150,000. 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 \$95,038 and full professors’ average earnings of \$152,877 is \$57,569. AHFME

members who are full professors earn an average of 61% 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

Faculty Rank	Number of Respondents	Range of Total Earnings	Mean	Median
Instructor	1	\$45,000	\$45,000	\$45,000
Assistant Professor	8	77,000—132,000	89,650	95,038
Associate Professor	11	75,000—196,000	110,500	127,141
Professor	13	74,600—260,500	144,000	152,877

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	\$45,000	\$45,000	\$-0-	0%
Assistant Professor	78,663	95,038	16,375	21%
Associate Professor	98,390	127,141	28,750	29%
Professor	113,408	152,877	39,469	35%
Administration	86,717	97,567	10,850	13%

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 \$16,375 more than their base salaries, which is a 21% difference, while the full professors' annual total earnings are \$152,877 which is 35% greater than their average base salaries of \$113,408. Responding members who are associate professors had a 29% 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 \$10,850 or 13%—smaller absolute and percentage differences than those for assistant, associate, and full professors.

Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989—2005¹. A brief comparison of the results is shown in Table 10. 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, dropped significantly in 2005, and have increased again in 2006.

¹ See Schmidgall, R.S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1-15.

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	2006
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	\$97,906
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	127,007
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	\$45,000
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	90,621	79,371	87,022	98,333	95,038
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	127,141
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	152,877
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	95,967

*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.²

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 2006—2007 by faculty rank across all institutions with academic ranks as follows:³

Professor	\$98,974
Associate Professor	69,911
Assistant Professor	58,662
Instructor	48,289

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 \$97,906. The average salary varied by rank from \$45,000 for an instructor to \$113,408 for full professors. AHFME members focusing in accounting topped the list.

Seventy-one percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$23,377.

The most common source of external earnings was consulting: Sixty-eight percent of the respondents reported external earnings that averaged \$17,361.

The total annual earnings that respondents reported for 2006 ranged from \$45,000 to \$260,500. The average was \$127,007. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from no increase for instructors to a 35% increase by full professors.

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

³ What Professors Earn *The Chronicle of Higher Education*, April 20, 2007, page A10.

Finally 76% of the respondents reported some degree of satisfaction with their salaries while the remaining 24% reported some degree of dissatisfaction. With regard to their current positions and professional careers, 91% and 100%, respectively, reported some degree of satisfaction.

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