

March 2010

AHFME Academic Member 2007 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 2007 Total Annual Earnings Survey," *Journal of Hospitality Financial Management*: Vol. 16 : Iss. 2 , Article 5.

Available at: <http://scholarworks.umass.edu/jhfm/vol16/iss2/5>

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 2007 TOTAL ANNUAL EARNINGS SURVEY

Raymond S. Schmidgall

ABSTRACT

This study was conducted to determine the 2007 annual earnings of hospitality financial management educators. Fifty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$60,000 to \$216,000. The lowest paid member is an assistant professor while the highest paid member is a full professor. Many respondents supplement their base salaries by both teaching during summer school and consulting. The total annual earnings of members ranged from \$60,400 to \$277,000. Hospitality financial management educators appear to be more highly compensated than the average college professor.

The 2007 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 several years? How satisfied are they with their salaries, their positions and their professional careers? In order to determine answers to these questions and others, a questionnaire was mailed to the 66 educator members of AHFME in March 2008. This article is based on the answers of 33 (50%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 12 professors and 12 associate professors followed by 9 assistant professors. Eight (24%) 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:

- Sixty-six percent of the respondents were employed by public universities while 34% were employed by private universities.
- Nineteen percent of the respondents were female and the remaining 81% were male.
- The specializations of respondents included twelve in accounting (36%), three in cost control (9%), nine in finance (27%), and the remaining 9 (28%) in other areas. Other areas of expertise indicated by AHFME members include law, real estate, information technology and hospitality operations.
- The highest degree earned by respondents included one member with a bachelor's degree and the remaining 32 respondents with doctorates.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	<i>%</i>
Assistant Professor	28%
Associate Professor	36
Professor	36
Total	100%
Part B	
Department Location	
Business College	37%
Human Ecology	12
Separate College/School	33
Other	18
Total	100%
Part C	
Highest Hospitality Degree	
Bachelor's	30%
Master's	33
Ph.D.	34
Other	3
Total	100%

Two respondents had earned a CPA, five the CHAE, and eight members had other professional certifications such as the CHTP, CHE, and CHA.

Respondents, on average, have been with their *current* institutions 13 years. Five (15%) have less than four years with their current institutions while five (15%) have more than 20 years. Nine (27%) 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 17 years; thus, on average, respondents have been with their current institutions for 82% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from one year (one respondent) to over 20 years. The median response was nine years. Fourteen reported less than eight years, eighteen reported between eight to 20 years, and one person reported over 20 years.

Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$60,000 to \$216,000. The mean average salary was \$112,439 and the largest group of respondents (nine or 28%) received greater than \$120,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$60,001	1	3%
\$60,001-70,000	2	6
\$70,001-80,000	6	18
\$80,001-90,000	4	12
\$90,001-100,000	3	9
\$100,001-110,000	5	15
\$110,001-120,000	3	9
>\$120,000	9	28
Total	33	100%

As shown in Table 3, the range of mean average annual salaries varies from \$73,500 for assistant professor to \$148,667 for full professors. Eight respondents, who indicated they were administrators, reported salaries ranging from \$72,000 to \$216,000 with an average of \$127,875.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Assistant Professor	9	\$60,000—\$85,000	\$73,500
Associate Professor	12	78,000—147,000	105,417
Professor	12	72,000—216,000	148,667

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	12	\$60,000—\$165,000	\$102,708
Human Ecology	4	75,000—115,000	96,250
Separate College	11	68,500—210,000	123,409
Other Colleges	6	76,500—216,000	122,583

Based on the above tabulation, the range of average salaries by the location of academic unit is \$27,159. AHFME members “located” in separate colleges earn the highest average salaries, while those faculty whose hospitality programs are located in human ecology have the lowest average salaries. Average annual salaries of faculty in business colleges and other 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. Nine 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 other areas reported salaries that averaged higher than those specializing in cost control and finance.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	12	\$60,000—\$210,000	\$114,375
Cost Control	3	68,500—120,000	99,500
Finance	9	76,500—150,000	104,611
Other	9	60,000—216,000	112,439

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, four (12%) indicated they were very satisfied with their annual salaries, while 24 (73%) revealed that they were reasonably satisfied. The remaining five (15%) indicated some degree of dissatisfaction; two were dissatisfied, while two indicated he/she was very dissatisfied and one indicated extremely dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. Twelve respondents (36%) indicated they were very satisfied with their current positions while 16 (49%) are reasonably satisfied. Four people were dissatisfied and one person was very dissatisfied. With regard to their careers, 21 respondents (64%) indicated they were very satisfied, while 12 (36%) 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 85%, 85%, and 100%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators!

Additional Compensation

Twenty-five of the respondents (76%) indicated they received additional compensation from their universities. This compensation often (14 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 \$5,000 to \$40,000. The average (mean) summer school compensation was \$13,793 while the median amount was \$10,800. Eight respondents were paid by their universities on an overload basis that ranged from \$4,000 to \$42,000. The median and mean amounts were \$7,500 and \$13,000, respectively. Another fourteen respondents received “other compensation” from their universities. These amounts ranged from \$400 to \$20,000 while the median and mean were \$10,000 and \$9,957, respectively. Some examples of this other compensation included pay for research grants and seminars.

The total additional income received by the 25 AHFME members from their universities ranged from \$400 to \$64,000. The median was \$14,000 while the mean was \$17,460. The total earnings from universities, including salaries and additional income, ranged from \$60,400 to \$220,000. The median and mean were \$112,000 and \$125,667.

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 14 members (42%) earned a median average of \$10,000 per year. Five members reported being paid honorariums and seven reported royalties. Four members have other income sources. In total, 21 (64%) of the AHFME members earned income from external sources, ranging from \$1,600—\$140,000. The mean average external earnings for respondents reporting external earnings is \$30,219.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	5	\$1,000—\$25,000	\$10,000	\$11,200
Royalties	7	1,600—45,000	25,000	20,157
Consulting	14	1,000—50,000	10,000	16,036
Other	4	5,000—140,000	34,000	53,250
All Sources	21	1,600—140,000	20,000	30,219

Total Earnings

The average annual total earnings of reporting AHFME members is \$144,897. The range of total earnings is \$60,400 to \$277,000. Twenty-three individuals (70%) reported total earnings in excess of \$100,000 while thirteen individuals (39%) 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 \$80,000 and full professors’ average earnings of \$169,750 is

\$89,750. AHFME members who are full professors earn an average of 112% 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
Assistant Professor	9	\$60,400—\$94,000	\$80,333	\$80,000
Associate Professor	12	110,000—220,000	148,967	129,000
Professor	12	96,000—277,000	189,250	169,750

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. %
Assistant Professor	\$73,500	\$80,333	\$6,833	9%
Associate Professor	105,417	148,967	43,550	41
Professor	148,667	189,250	40,583	27
Administration	127,875	167,875	40,000	31

The higher the faculty rank to some extent, 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 \$6,833 more than their base salaries, which is a 9% difference, while the full professors' annual total earnings are \$189,250 which is 27% greater than their average base salaries of \$148,667. Responding members who are associate professors had the largest increase in their total compensation of \$43,550 from their base salary which was a 41% increase in compensation. Administrators, who have twelve-month contracts, generally have less time than the tenure-stream professors to increase their total earnings beyond their salaries. Still the difference was \$40,000 or 31%—larger in percentage differences than those except associate professors.

Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989—2006¹. 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 in both 2006 and 2007.

¹ See Schmidgall, R.S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1-16.

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	2007
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	\$112,439
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	144,897
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	NA
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	80,333
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	127,141	148,967
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	189,250
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	167,875

*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 2008 by position was as follows.²

Accounting Manager	\$75,299
Assistant controller	64,354
CFO	235,689
Consultant	118,103
Controller/Comptroller	101,691
Corporate Controller	124,022
IT Director	194,823
Regional Controller	183,468
VP Finance	249,199

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	42,609

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

Summary

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$112,439. The average salary varied by rank from \$73,500 for an assistant professor to \$148,667 for full professors. AHFME members focusing in accounting topped the list.

Seventy-five percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$17,460.

The most common source of external earnings was consulting: Sixty-three percent of the respondents reported external earnings that averaged \$30,219.

The total annual earnings that respondents reported for 2007 ranged from \$60,400 to \$277,000. The average was \$144,897. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from 9% for assistant professors to a 41% increase by associate professors.

² Venegas, Tanya and Agnes DeFranco. "2008 Compensation and Benefits Survey Report," *The Bottomline*, November, 2008, 5-34.

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

Finally 85% of the respondents reported some degree of satisfaction with their salaries while the remaining 15% reported some degree of dissatisfaction. With regard to their current positions and professional careers, 85% 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.