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AHFME ACADEMIC MEMBER 2008 TOTAL ANNUAL EARNINGS SURVEY

Raymond S. Schmidgall

ABSTRACT

This study was conducted to determine the 2008 annual earnings of hospitality financial management educators. Forty-seven percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$60,000 to \$210,000. 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 \$63,000 to \$416,000. Hospitality financial management educators appear to be more highly compensated than the average college professor.

The 2008 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 2009. This article is based on the answers of 31 (47%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 11 professors and 11 assistant professors followed by 9 associate professors. Six (19%) 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 (19.4%) to a Ph.D. (54.8%). Master's degree (25.8%) was the highest degree granted at the other universities.

Other characteristics of respondents included the following:

- Seventy-one percent of the respondents were employed by public universities while 29% were employed by private universities.
- Sixteen percent of the respondents were female and the remaining 84% were male.
- The specializations of respondents included eight in accounting (26%), four in cost control (13%), twelve in finance (39%), and the remaining seven (22%) in other areas. Other areas of expertise indicated by AHFME members include law, real estate, information technology and entrepreneurship.
- The highest degree earned by respondents included 29 with Ph.D.s and two with JDs.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	%
Assistant Professor	35.5%
Associate Professor	29.0
Professor	35.5
Total	100%
Part B	
Department Location	
Business College	32.3%
Human Ecology	19.4
Separate College/School	38.6
Other	9.7
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, three the CHAE, and five members had other professional certifications such as the CHTP, CHE, and CMA.

Respondents, on average, have been with their *current* institutions 11 years. Ten (32%) have less than five years with their current institutions while eight (26%) have more than 20 years. Five (16%) have five to ten years of experience and 8 (26%) have 11 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 65% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from three years (three respondents) to 20 years. The median response was 5 ½ years. Eighteen reported less than nine years, nine reported nine to 15 years, and four people reported over 15 years.

Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$60,000 to \$210,000. The mean average salary was \$112,205 and the largest group of respondents (eight or 26%) received greater than \$120,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
\$60,000-70,000	3	10
\$70,001-80,000	5	16
\$80,001-90,000	1	3
\$90,001-100,000	2	6
\$100,001-110,000	8	26
\$110,001-120,000	4	13
>\$120,000	8	26
Total	31	100%

As shown in Table 3, the range of mean average annual salaries varies from \$80,260 for assistant professor to \$137,818 for full professors. Six respondents, who indicated they were administrators, reported salaries ranging from \$106,000 to \$166,000 with an average of \$126,250.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Assistant Professor	11	\$60,000—\$107,000	\$80,260
Associate Professor	9	96,000 —155,000	119,944
Professor	11	72,000—210,000	137,818

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	10	\$63,850—\$170,000	\$111,016
Human Ecology	6	63,000—150,000	104,500
Separate College	12	60,000—210,000	114,767
Other Colleges	3	80,000—166,000	121,333

Based on the above tabulation, the range of average salaries by the location of academic unit is \$16,833. AHFME members “located” in other 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 separate 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. Seven 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 accounting, cost control and finance.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	8	\$60,000—\$210,000	\$112,481
Cost Control	4	70,700—120,000	104,675
Finance	12	63,000—150,000	97,067
Other	7	96,000—170,000	142,143

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, three (10%) indicated they were very satisfied with their annual salaries, while 20 (64%) revealed that they were reasonably satisfied. The remaining eight (26%) indicated some degree of dissatisfaction; six were dissatisfied, while two indicated they were very dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. Eleven respondents (35%) indicated they were very satisfied with their current positions while 19 (61%) are reasonably satisfied. One person was dissatisfied. With regard to their careers, 13 respondents (42%) indicated they were very satisfied, while 17 (55%) indicated they were reasonably satisfied. One person did not answer this question. Therefore, overall the percentage of respondents either very or reasonably satisfied with their annual salary, current positions, and professional careers, was 74%, 97%, and 97%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators!

Additional Compensation

Twenty-one of the respondents (68%) indicated they received additional compensation from their universities. This compensation often (13 of the 21) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$4,000 to \$45,000. The average (mean) summer school compensation was \$15,462 while the median amount was \$15,000. Six respondents were paid by their universities on an overload basis that ranged from \$5,000 to \$26,000. The median and mean amounts were \$13,916 and \$13,500, respectively. Another seven respondents received “other compensation” from their universities. These amounts ranged from \$13,000 to \$50,000 while the median and mean were \$25,000 and \$31,000, respectively. Some examples of this other compensation included pay for research and seminars.

The total additional income received by the 21 AHFME members from their universities ranged from \$5,000 to \$64,000. The median was \$15,000 while the mean was \$23,881. The total earnings from universities, including salaries and additional income, ranged from \$63,000 to \$225,000. The median and mean were \$122,000 and \$123,383.

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 12 members (39%) earned a median average of \$10,000 per year. Five members reported being paid honorariums and nine reported royalties. Four members have other income sources. In total, 19 (61%) of the AHFME members earned income from external sources, ranging from \$1,500—\$200,000. The mean average external earnings for respondents reporting external earnings was \$33,526 and the median average was \$20,000.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	5	\$1,000—\$50,000	\$5,000	\$15,600
Royalties	9	1,500—48,000	20,000	23,833
Consulting	12	1,000—200,000	10,000	24,792
Other	4	8,000—18,000	10,500	11,750
All Sources	19	1,500—200,000	20,000	33,526

Total Earnings

The average annual total earnings of reporting AHFME members is \$148,931. The range of total earnings is \$63,000 to \$416,000. Twenty-two individuals (71%) reported total earnings in excess of \$100,000 while ten individuals (32%) 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 \$87,310 and full professors’ average earnings of \$153,000 is \$65,690. AHFME

members who are full professors earn an average of 75% 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	12	\$63,000—\$123,500	\$87,305	\$87,310
Associate Professor	11	111,000—250,000	168,387	148,000
Professor	12	78,000—416,000	194,636	153,000

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. %
Assistant Professor	\$80,260	\$87,305	\$7,045	9%
Associate Professor	119,944	168,387	48,443	40
Professor	137,818	194,636	56,818	41
Administration	126,250	196,833	70,583	56

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 \$7,045 more than their base salaries, which is a 9% difference, while the full professors' annual total earnings are \$194,636 which is 41% greater than their average base salaries of \$137,818. Responding members who are associate professors had an increase in their total compensation of \$48,443 from their base salary which was a 40% increase in compensation. For administrators, who generally have twelve-month contracts the difference was \$70,583 or 56% larger.

Differences Based on Certification, Type of Institution, and Gender

For many years these survey results have revealed types of certification, type of institution and gender of respondents. Now the median averages are shown for salary, total compensation received from their universities, and total compensation for these categories in Table 9.

Table 9
Compensation by Certification, Type of Institution, and Gender

Part A	Type of Institution		
	Public (n=19)	Private (n=12)	Difference
Annual Salary	\$107,250	\$100,000	\$7,250
University Total	123,000	101,000	22,000
Total Compensation	145,250	111,000	34,250
Part B			
Part B	Gender		
	Female (n=5)	Male (n=26)	Difference
Annual Salary	\$110,000	\$106,500	\$3,500
University Total	118,000	123,000	-5,000
Total Compensation	148,000	133,750	14,250
Part C			
Part C	Certification		
	Yes (n=8)	No (n=23)	Difference
Annual Salary	\$119,000	\$105,000	\$14,000
University Total	150,000	118,000	32,000
Total Compensation	161,500	123,000	38,500

Based on figures reported in Part A of Table 9, 19 of the academicians were employed by public institutions and 12 by private institutions. Across all three levels of compensation, that is, annual salary, university total (annual salary plus other amounts paid by the educational institutions), and total compensation, publicly employed professors earn more. The median salary difference is \$7,250 per year, while the median total compensation difference is \$34,250.

Differences based on gender are mixed, though only five women responded to this survey. Women earned an average of \$3,500 more but received an average of \$5,000 less from their universities. Overall all women received \$14,250 more than males in total compensation.

Finally, certification appears to make a difference. Eight respondents of the 31 (26%) have at least one professional certification. The certified respondents received an average of \$14,000 more in salary and \$38,500 more in total compensation than the respondents without any certification.

Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989—2007¹. 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, increased in both 2006 and 2007, and dropped slightly in 2008.

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

Table 10
Comparative salaries and total earnings, 1989-2008

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	\$112,205
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	148,931
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	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	87,305
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	168,387
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	194,636
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	196,833

*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 2008—2009 by faculty rank across all institutions with academic ranks as follows:³

Professor	\$108,749
Associate Professor	76,147
Assistant Professor	63,827
Instructor	45,977

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 \$112,205. The average salary varied by rank from \$80,260 for an assistant professor to \$137,818 for full professors. AHFME members focusing in topics other than accounting, cost control, and finance topped the list.

Sixty-eight percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$23,881.

The most common source of external earnings was consulting: Sixty-one percent of the respondents reported external earnings that averaged \$33,526.

The total annual earnings that respondents reported for 2008 ranged from \$63,000 to \$416,000. The average was \$148,931. 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 full professors and 56% for administrators!

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

³ What Professors Earn *The Chronicle of Higher Education*, April 20, 2008, page A12.

Finally 75% of the respondents reported some degree of satisfaction with their salaries while the remaining 25% reported some degree of dissatisfaction. With regard to their current positions and professional careers, 96% and 97%, respectively, reported some degree of satisfaction.

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