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AHFME Academic Member 2010 Total Annual Earnings Survey

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AHFME Academic Member 2010 Total Annual Earnings 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 65 educator members of AHFME in May 2011. This article is based on the answers of 30 (40%) members who responded.

Table 1 reflects selected characteristics of the respondents. The groups of respondents by faculty rank were nine professors, eleven associate professors, and nine assistant professors. Four (13%) 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 and master's degree (30%) each to a Ph.D./Ed.D. (40%).

Other characteristics of respondents included the following:

- Eighty percent of the respondents were employed by public universities while 20% were employed by private universities.
- Twenty-seven percent of the respondents were female while obviously the remaining 73% were male.

- The specializations of respondents included nine in accounting (30%), two in cost control (7%), twelve in finance (40%), and the remaining seven (23%) in other areas. Other areas of expertise indicated by AHFME members include real estate, information technology and food and beverage operations.
- All 30 respondents have earned their Ph.D. or JD.

Table 1
Selected characteristics of the respondents

| Part A | |
|-----------------------------------|-------------|
| Faculty Rank | % |
| Assistant Professor | 30% |
| Associate Professor | 37 |
| Professor | 30 |
| Other | 3 |
| Total | 100% |
| Part B | |
| Department Location | |
| Business College | 43% |
| Human Ecology | 7 |
| Separate College/School | 43 |
| Other | 7 |
| Total | 100% |
| Part C | |
| Highest Hospitality Degree | |
| Bachelor's | 30% |
| Master's | 30 |
| Ph.D./Ed.D. | 40 |
| Total | 100% |

A single respondent had earned a CPA, three the CHAE, seven the CHE and two members had other professional certifications.

Respondents, on average, have been with their current institutions 7.5 years. Five (17%) have less than five years with their current institutions while eight (27%) have 20 or more years. Fourteen (46%) have five to ten years of experience and three (10%) have between 11 and 20 years of experience. The average duration of employment with education organizations was 10 years; thus, on average, respondents have been with their current institutions for 75% of their educational careers. AHFME

members were queried regarding their years of industry experience. Responses ranged from two years (two respondents) to 35 years. The median response was 9 years. Fourteen (46%) reported less than 10 years, eight (27%) reported 10 to 15 years, and eight (27%) reported more than 15 years.

Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$60,000 to \$171,000. The mean average salary was \$104,797 and the largest group of respondents (nine or 31%) received greater than \$120,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

| Salary Levels | Number of Respondents | % |
|----------------------|------------------------------|-------------------------|
| <\$8,000 | 9 | 31% |
| \$80,001-\$100,000 | 3 | 10 |
| \$100,001-120,000 | 8 | 28 |
| >\$120,000 | 9 | 31 |
| Total | 29 | <u>100%</u> |
| $\bar{X} =$ | | <u>\$104,797</u> |

As shown in Table 3, the range of mean average annual salaries varies from \$76,584 for assistant professor to \$129,902 for full professors. Four respondents, who indicated they were administrators, reported salaries ranging from \$120,000 to \$137,000 with an average of \$130,500.

Table 3
Average salary by faculty rank

| Rank | Number of Respondents | Range | Mean |
|---------------------|------------------------------|----------------------|-------------|
| Assistant Professor | 9 | \$60,000 – \$107,107 | \$76,584 |
| Associate Professor | 10 | 0* – 156,000 | 111,075 |
| Professor | 9 | 105,000 – 171,000 | 129,902 |
| Other | 1 | 70,000 | 70,000 |

*No salary report by one associate professor.

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 | \$74,000 – \$171,000 | \$109,988 |
| Separate College | 12 | 70,149 – 120,000 | 103,317 |
| Human Ecology | 13 | 60,000 – 156,000 | 95,075 |
| Other Colleges | 3 | 66,000 – 120,000 | 93,000 |

Based on the above tabulation, the range of average salaries by the location of academic unit is \$16,988. AHFME members “located” 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 business colleges and separate colleges are above \$100,000 and those in other locations are in the 90,000’s.

The ranges and averages of salaries by specialization are shown in Table 5. AHFME members reported two major specializations: accounting and finance. Eight respondents identified other areas. Of the major areas of specialization, the higher average salary is paid to faculty specializing in other areas, as those specializing in accounting and finance were substantially below.

Table 5
Salary by specialization

| Specialization | Number of Respondents | Range | Mean |
|-----------------------|------------------------------|----------------------|-------------|
| Accounting | 9 | \$70,000 – \$165,000 | \$99,878 |
| Finance | 12 | 60,000 – 134,000 | 100,832 |
| Other | 8 | 70,000 – 171,000 | 116,250 |

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, four (13%) indicated they were very satisfied with their annual salaries, while 20 (67%) revealed that they were reasonably satisfied. The

remaining six (20%) indicated some degree of dissatisfaction; two were dissatisfied, while two indicated they were very dissatisfied and two indicated they were terribly dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. Nine respondents (30%) indicated they were very satisfied with their current positions while 18 (60%) are reasonably satisfied. Three people were dissatisfied to some degree. With regard to their careers, 13 respondents (48%) indicated they were very satisfied, while 15 (50%) indicated they were reasonably satisfied. Two people 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 80%, 90%, and 93%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators!

Additional Compensation

Twenty-four of the respondents (80%) indicated they received additional compensation from their universities. This compensation often (14 of the 20) 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 \$30,000. The average (mean) summer school compensation was \$15,991 while the median amount was \$15,000. Five respondents were paid by their universities on an overload basis that ranged from \$9,000 to \$35,000. The median and mean amounts were \$18,000 and \$18,400, respectively. Another eleven respondents received “other compensation” from their universities. These amounts ranged from \$1,000 to \$40,000 while the median and mean were \$19,000 and \$22,662, respectively. Some examples of this other compensation included pay for research and seminars.

The total additional income received by the 24 AHFME members from their universities ranged from \$5,000 to \$65,000. The median was \$19,000 while the mean was \$22,662.

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. Royalties was the most common source of noninstitutional income, as 12 members (40%) earned a median average of \$5,250 per year. Nine members reported consulting income and six reported honoraria. Two members have other income sources. In total, 20 (67%) of the AHFME members earned income from external sources, ranging from \$350—\$56,500. The mean average external earnings for respondents reporting external earnings was \$13,043 and the median average was \$6,000.

Table 6
External earnings

| Type of Income | Number of Respondents | Range | Median | Mean |
|-----------------------|------------------------------|--------------------|---------------|-------------|
| Honoraria | 6 | \$5,000 – \$15,000 | \$2,000 | \$5,333 |
| Royalties | 12 | 350 – 40,000 | 5,250 | 11,029 |
| Consulting | 9 | 1,000 – 25,000 | 5,000 | 8,057 |
| Other | 2 | 3,000 – 20,000 | 11,500 | 11,500 |
| All Sources | 20 | 350 – 56,500 | 6,000 | 13,043 |

Total Earnings

The average annual total earnings of reporting AHFME members is \$128,195. The range of total earnings is \$15,000 to \$260,500. Remember one associate professor did not report his/her salary. Eighteen individuals (60%) reported total earnings in excess of \$100,000 while ten individuals (33%) 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 three faculty rankings. The difference between the average total earnings for assistant professors of \$81,000 and full professors' average earnings of \$154,000 is \$73,000. AHFME members who are full professors earn an average of 89% 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 | Median | Mean |
|---------------------|------------------------------|--------------------------------|---------------|-------------|
| Assistant Professor | 9 | \$75,000 – \$124,487 | \$81,000 | \$88,998 |
| Associate Professor | 11 | 15,000 – 219,000 | 130,000 | 127,114 |
| Professor | 9 | 121,092 – 260,500 | 154,000 | 173,180 |
| Other | 1 | 88,000 | 88,000 | 88,000 |
| Administrators | 4 | 150,000 – 183,000 | 173,250 | 169,875 |

*No salary reported by one associate professor.

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 | \$76,584 | \$88,998 | \$12,414 | 16% |
| Associate Professor | 111,075 | 127,114 | 16,039 | 14 |
| Professor | 129,902 | 173,180 | 43,278 | 33 |
| Other | 70,000 | 88,000 | 18,000 | 20% |
| Administrators | 130,500 | 169,875 | 39,375 | 30 |

To some extent, the higher the faculty rank, the larger the dollar difference between the average (mean) base salary and total earnings. The differences as shown above are in both absolute and relative terms. Assistant professors on the average earn \$12,414 more than their base salaries, which is a 16% difference, while the full professors' annual total earnings are \$173,180 which is 33% greater than their average base salaries of \$129,902. Responding members who are associate professors had an increase in their total compensation of \$16,039 from their base salary, which was a 14% increase in compensation. For administrators, who generally have twelve-month contracts the difference was \$39,375 or 30% 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. The median averages are shown for salary, total compensation received from their universities, and total compensation for these categories in Table 9.

Table 9
Media compensation by type of institution, gender, and certification

| Part A | Type of Institution | | |
|--|---------------------|---------------|------------|
| | Public (n=24) | Private (n=5) | Difference |
| Annual Salary | \$114,262 | \$74,500* | \$39,762 |
| University Total | 121,743 | 74,375 | 47,368 |
| Total Compensation | 129,762 | 75,875 | 53,887 |
| * One person did not report his annual salary. | | | |
| Part B | Gender | | |
| | Female (n=8) | Male (n=21) | Difference |
| Annual Salary | \$78,500 | \$118,524 | \$40,024 |
| University Total | 93,000 | 125,262 | 32,262 |
| Total Compensation | 93,000 | 130,262 | 37,262 |
| Part C | Certification | | |
| | No (n=20) | Yes (n=10) | Difference |
| Annual Salary | \$110,000 | \$91,054 | \$18,946 |
| University Total | 120,296 | 104,500 | 15,796 |
| Total Compensation | 129,500 | 106,744 | 22,756 |

Based on figures reported in Part A of Table 9, 24 of the academicians were employed by public institutions and five by private institutions. Across all two levels of compensation, that is, annual salary and total compensation, publicly employed professors earn more. The mean salary difference is \$39,762 per year, while the mean total compensation difference is \$53,877.

Differences based on gender are clear, though only eight women responded to this survey. Women earned a median average salary of \$40,024 less and an average of \$32,262 less from their universities. Overall all women received \$37,262 less than males in total compensation.

Finally, certification does not appear to make a difference. Ten respondents of the 30 (33%) have at least one professional certification. The certified respondents received an average of \$18,946 less in salary and \$22,756 less 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—2009¹. 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, dropped slightly in 2008 and 2009, and dropped significantly in 2010.

¹ See Schmidgall, R.S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1-18.

Table 10
Comparative salaries and total earnings, 1989-2010

| | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|
| 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 | \$112,153 | \$104,979 |
| 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 | 153,505 | 128,195 |
| 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 | 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 | 94,915 | 88,998 |
| 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 | 156,844 | 127,114 |
| 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 | 215,663 | 173,180 |
| 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 | 217,500 | 169,875 |

*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 for HFTP members including salary, deferred compensation, and bonuses for 2009 by position was as follows.²

| | |
|------------------------|----------|
| Accounting Manager | \$69,569 |
| Assistant controller | 73,301 |
| CFO | 143,119 |
| Controller/Comptroller | 94,829 |
| Corporate Controller | 108,868 |
| IT Director | 131,320 |
| Regional Controller | 106,941 |
| VP Finance | 199,926 |

The Chronicle of Higher Education reported average salaries for 2009—2010 by faculty rank across all institutions with academic ranks as follows:³

| | |
|---------------------|-----------|
| Professor | \$109,843 |
| Associate Professor | 76,566 |
| Assistant Professor | 64,433 |
| Instructor | 47,592 |

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 \$104,797. The average salary varied by rank from \$60,000 for an assistant professor to

² Venegas, Tanya. "2010 HFTP Compensation and Benefits Survey Report," *The Bottomline*, September, 2010, 7-38.

³ The Profession: Average Salaries for Full-Time Faculty Members, 2009-2010. *The Chronicle of Higher Education*, August 27, 2010, page 20.

\$171,000 for full professors. Salaries of AHFME members focusing on topics other than accounting, cost control, and finance topped the list.

Eighty percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$22,662. The most common source of external earnings was royalties: Sixty-seven percent of the respondents reported external earnings that averaged \$13,043.

The mean total annual earnings that respondents reported for 2010 ranged from \$88,998 to \$260,500. The mean average was \$128,195. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from 14% for associate professors to a 33% increase by full professors and 30% for administrators!

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, 90% and 93%, respectively, reported some degree of satisfaction.

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