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AHFME ACADEMIC MEMBER 2004 TOTAL ANNUAL EARNINGS SURVEY

Raymond S. Schmidgall

ABSTRACT

This study was conducted to determine the 2004 annual earnings of hospitality financial management educators. Sixty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$45,000 to \$192,000. 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 \$254,600. Hospitality financial management educators appear to be more highly compensated than the average college professor.

The 2004 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 March 2005. This article is based on the response of 36 (60%) members who responded.

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 14 associate professors and 11 professors followed by nine assistant professors. Eleven (31%) of the respondents are administrators of hospitality programs. The locations of the respondents' academic units were separate colleges, 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 an associate's degree to a Ph.D.

Other characteristics of respondents included the following:

- Sixty-one percent of the respondents were employed by public universities while 39% were employed by private universities.
- Seventeen percent of the respondents were female and the remaining 83% were male.
- The specializations of respondents included twelve in accounting (33%) ten in cost control (28%), eight in finance (22%), and the remaining six (17%) in other areas. Other areas of expertise indicated by AHFME members include law, real estate, information systems, and clubs.
- The highest degree earned by respondents varied from six members with a master's degree to 30 with doctorates.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	%
Instructor	3%
Assistant Professor	25%
Associate Professor	39%
Professor	30%
Other	3%
Total	100%
Part B	
Department Location	
Business College	30%
Human Ecology	17%
Separate College	28%
Other	25%
Total	100%
Part C	
Highest Hospitality Degree	
Associates	3%
Bachelor's	39%
Master's	33%
Ph.D.	25%
Total	100%

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

Respondents, on average, have been with their *current* institutions 11 years. Six (17%) have less than four years with their current institutions while five (14%) have more than 20 years. Ten (28%) have four to nine years of experience and fifteen (41%) 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 69% 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 10 years. Sixteen reported less than ten years, 11 reported between 10 to 20 years, and eight 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 \$192,000. The mean average salary was \$94,075 and the largest groups of respondents received between \$60,000 and \$70,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
<\$60,000	1	3%
\$60,000-\$70,000	11	31%
\$70,001-\$80,000	5	14%
\$80,001-\$90,000	7	19%
\$90,001-\$100,000	3	8%
>\$100,000	9	25%
Total	36	100%

As shown in Table 3, the range of mean annual salaries varies from \$45,000 for instructors to \$126,791 for full professors. Eleven respondents, who indicated they were administrators, reported salaries ranging from \$45,000 to \$192,000 with an average of \$90,955.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Instructor	1	\$45,000	\$45,000
Assistant Professor	9	60,000—109,000	74,389
Associate Professor	14	61,000—128,000	85,893
Professor	11	64,000—192,000	126,791

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	\$68,000—\$155,000	\$95,655
Human Ecology	6	62,500—94,500	79,500
Separate College	10	64,000—185,000	111,000
Other Colleges	9	45,000—192,000	83,056

Based on the above tabulation, the range of average salaries by the location of academic unit is \$31,500. 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 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. Five respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in accounting. Still, those specializing in other areas reported salaries that averaged higher than the three specializations listed.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	12	\$60,000—\$185,000	\$98,792
Cost Control	10	45,000—109,000	79,050
Finance	8	67,000—140,000	88,563
Other	5	62,500—155,000	102,040

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries and professional careers. First, four (11%) indicated they were very satisfied with their annual salaries, while 26 (72%) revealed that they were reasonable satisfied. The remaining six (17%) indicated some degree of dissatisfaction; five were dissatisfied, while one indicated they were very dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. With regard to their careers, 19 respondents (53%) indicated they were very satisfied, while 16 (44%) indicated reasonably satisfied. One respondent was dissatisfied.

Additional Compensation

Twenty-two of the respondents (61%) indicated they received additional compensation from their universities. This compensation often (18 of the 22) was for individuals on a 9- or 10-month contract who were paid for teaching summer school. The summer school compensation ranged from \$4,100 to \$30,000. The average (mean) summer school compensation was \$12,933 while the median amount was \$11,650. Eight respondents were paid by their universities on an overload basis that ranged from \$4,100 to \$27,600. The median and mean amounts were \$11,000 and \$12,963, respectively. Another six respondents received “other compensation” from their universities. These amounts ranged from \$5,000 to \$50,000 while the median and mean were \$13,500 and \$20,333 respectively. Some examples of this other compensation included pay for patent royalties and seminars.

The total additional income received by the 22 AHFME members from their universities ranged from \$5,000 to \$50,000. The median was \$16,500 while the mean was \$20,841. The total earnings from universities, including salaries and additional income, ranged from \$45,000 to \$192,000. The median and mean were \$98,500 and \$101,672.

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 15 members (42%) earned a median of \$10,000 per year. Eight members reported being paid honorariums and ten reported royalties. Six members have other income sources. In total, 26 (72%) of the AHFME reporting academic membership earned income from external sources, ranging from \$2,500 to \$71,000. The average external earnings for respondents reporting external earnings is \$17,423.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	8	\$500—\$25,000	\$3,750	\$6,713
Royalties	10	\$2,000—\$40,000	5,000	11,500
Consulting	15	\$1,000—\$60,000	10,000	14,837
Other	6	\$3,000—\$20,000	12,500	12,167
All Sources	26	\$25,000—\$71,000	15,000	17,423

Total Earnings

The average annual total earnings of reporting AHFME members is \$119,117. The range of total earnings is \$45,000 to \$254,600. Twenty individuals (56%) 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 \$87,022 and full professors' average earnings of \$161,227 is \$74,205. AHFME members who are full professors earn an average of 85% more than assistant professors. However, this research 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	9	\$60,000—\$153,000	75,200	87,022
Associate Professor	14	\$61,000—\$190,000	109,500	115,464
Professor	11	\$100,000—\$254,600	142,500	161,227

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	74,389	87,022	12,633	17
Associate Professor	85,893	115,464	29,571	34
Professor	126,791	161,227	34,436	27
Administration	90,955	121,318	30,363	33

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 \$12,633 more than their base salaries, which is a 17% difference, while the full professors' annual total earnings are \$161,227 which is 27% greater than their average base salaries of \$126,791. Responding members who are associate professors had a 34% 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 \$30,363 or 33%—a smaller absolute difference but a larger percentage difference than those for full professors.

Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989—2003¹. A brief comparison of the results is shown in Table 10. Overall, 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, and increased in 2004.

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

Table 10
Comparative salaries and total earnings, 1989-2004

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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
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
Average total earnings by faculty rank:																
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
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
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
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
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

*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 2004 by position was as follows.²

Accounting Manager	\$55,400
Assistant controller	57,447
CFO	154,444
Consultant	103,155
Controller/Comptroller	90,595
Corporate Controller	158,171
IT Director	101,706
Regional Controller	136,616
VP Finance	154,081

The Chronicle of Higher Education reported average salaries for 2004—2005 by faculty rank across all institutions with academic ranks as follows:³

Professor	\$91,548
Associate Professor	65,113
Assistant Professor	54,571
Instructor	39,889

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 \$94,075. The average salary varied by rank from \$45,000 for an instructor to \$126,791 for full professors. AHFME members focusing in areas other than accounting, cost control, and finance topped the list.

Sixty-one percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$20,841.

The most common source of external earnings was consulting: Seventy-two percent of the respondents reported external earnings that averaged \$17,423.

The total annual earnings that respondents reported for 2004 ranged from \$45,000 to \$254,600. The average was \$119,117. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from no increase for instructors to a 34% increase by associate professors.

² Countryman, Cary and Agnes DeFranco. "2004 HFTP Compensation and Benefits Survey." *The Bottomline*, November, 2004, 5-33.

³ What Professors Earn *The Chronicle of Higher Education*, April 22, 2005, page A13.

Finally 83% of the respondents reported some degree of satisfaction with their salaries while the remaining 17% reported some degree of dissatisfaction. With regard to their professional careers, 97% reported some degree of satisfaction.

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