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AHFME Academic Member 2009 Total Annual Earnings Survey

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AHFME ACADEMIC MEMBER 2009 TOTAL ANNUAL EARNINGS SURVEY

Raymond S. Schmidgall

ABSTRACT

This study was conducted to determine the 2009 annual earnings of hospitality financial management educators. Fifty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$70,174 to \$212,000. 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 \$71,000 to \$412,000. Hospitality financial management educators appear to be more highly compensated than the average college professor.

The 2009 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 52 educator members of AHFME in May 2010. This article is based on the answers of 26 (50%) members who responded.

Table 1 reflects selected characteristics of the respondents. The groups of respondents by faculty rank were 8 professors, 9 associate professors, and 9 assistant professors. Five (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 master's degree (26.9%) to a Ph.D. (38.5%). Bachelor's degree (34.6%) was the highest degree granted at the other universities.

Other characteristics of respondents included the following:

- Sixty-nine percent of the respondents were employed by public universities while 31% were employed by private universities.
- Fifteen percent of the respondents were female while obviously the remaining 85% were male.
- The specializations of respondents included ten in accounting (39%), one in cost control (4%), nine in finance (34%), and the remaining six (23%) in other areas. Other areas of expertise indicated by AHFME members include tourism, real estate, information technology and food and beverage operations.
- All 26 respondents have earned their Ph.D.

Table 1
Selected characteristics of the respondents

Part A	
Faculty Rank	%
Assistant Professor	35%
Associate Professor	35
Professor	30
Total	100%
Part B	
Department Location	
Business College	42.3%
Human Ecology	23.1
Separate College/School	26.9
Other	7.7
Total	100%
Part C	
Highest Hospitality Degree	
Bachelor's	34.6%
Master's	26.9
Ph.D.	38.5
Total	100%

Two respondents had earned a CPA, six the CHAE, five the CHAE and five members had other professional certifications such as the CHTP and CMA.

Respondents, on average, have been with their *current* institutions 8.5 years. Seven (27%) have less than five years with their current institutions while six (23%) have 20 or more years. Six (23%) have five to ten years of experience and 6 (23%) have between 11 and 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 61% of their educational careers. AHFME members were queried regarding their years of industry experience. Responses ranged from two years (two respondents) to 30 years. The median response was 6 years. Fourteen reported less than ten years, nine reported ten to 15 years, and three people reported over 15 years.

Salaries

The annual salaries of responding AHFME members, excluding additional university compensation such as summer school pay, ranged from \$70,174 to \$212,000. The mean average salary was \$112,153 and the largest group of respondents (seven or 27%) received greater than \$125,000 as shown in Table 2.

Table 2
Annual salaries of AHFME members

Salary Levels	Number of Respondents	%
\$70,000-80,000	6	23
\$80,001-90,000	3	12
\$90,001-100,000	2	8
\$100,001-110,000	4	15
\$110,001-125,000	4	15
>\$125,000	7	27
Total	26	100%

As shown in Table 3, the range of mean average annual salaries varies from \$85,943 for assistant professor to \$146,625 for full professors. Five respondents, who indicated they were administrators, reported salaries ranging from \$92,000 to \$212,000 with an average of \$134,800.

Table 3
Average salary by faculty rank

Rank	Number of Respondents	Range	Mean
Assistant Professor	9	\$70,174—\$108,000	\$85,943
Associate Professor	9	70,500 —154,000	107,722
Professor	8	82,000—212,000	146,625

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	\$70,500—\$170,000	\$114,165
Human Ecology	6	70,174—130,000	95,029
Separate College	7	71,000—170,000	114,857
Other Colleges	2	74,000—212,000	143,000

Based on the above tabulation, the range of average salaries by the location of academic unit is \$47,971. 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 are just above \$114,000 and fall between these two.

The ranges and averages of salaries by specialization are shown in Table 5. AHFME members reported two major specializations: accounting and finance. Seven respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in finance. Those specializing in other areas reported salaries that averaged higher than those specializing in accounting and finance.

Table 5
Salary by specialization

Specialization	Number of Respondents	Range	Mean
Accounting	10	\$70,500—\$160,000	\$103,150
Finance	9	71,000—170,000	109,479
Other	7	70,174—212,000	128,453

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries, their current positions, and their professional careers. First, three (12%) indicated they were very satisfied with their annual salaries, while 19 (73%) revealed that they were reasonably satisfied. The remaining four (15%) indicated some degree of dissatisfaction; three were dissatisfied, while one indicated he/she was very dissatisfied. Clearly, the majority of AHFME respondents are satisfied with their salaries. Seven respondents (27%) indicated they were very satisfied with their current positions while 15 (58%) are reasonably satisfied. Three people were dissatisfied to some degree. With regard to their careers, 8 respondents (31%) indicated they were very satisfied, while 16 (62%) indicated they were reasonably satisfied. One person each indicated they were dissatisfied and very dissatisfied with their professional careers. Therefore, overall the percentage of respondents either very or reasonably satisfied with their annual salary, current positions, and professional careers, was 85%, 85%, and 94%, respectively. As a whole, this appears to be a fairly well-satisfied group of educators!

Additional Compensation

Twenty of the respondents (77%) indicated they received additional compensation from their universities. This compensation often (13 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 \$15,427 while the median amount was \$16,000. Eight respondents were paid by their universities on an overload basis that ranged from \$2,000 to \$42,000. The median and mean amounts were \$16,500 and \$17,375, respectively. Another five respondents received “other compensation” from their universities. These amounts ranged from \$600 to \$32,000 while the median and mean were \$16,000 and \$15,720, respectively. Some examples of this other compensation included pay for research and seminars.

The total additional income received by the 20 AHFME members from their universities ranged from \$600 to \$67,000. The median was \$12,375 while the mean was \$20,908. The total earnings from universities, including salaries and additional income, ranged from \$71,000 to \$232,000. The median and mean were \$117,875 and \$128,236.

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 11 members (42%) earned a median average of \$9,000 per year. Five members reported being paid honorariums and ten reported royalties. Two members have other income sources. In total, 16 (62%) 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 \$41,063 and the median average was \$17,750.

Table 6
External earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	5	\$1,000—\$25,000	\$3,000	\$7,400
Royalties	10	2,000—45,000	8,000	13,250
Consulting	11	1,000—200,000	9,000	29,773
Other	2	20,000—140,000	80,000	80,000
All Sources	16	1,500—200,000	17,750	41,063

Total Earnings

The average annual total earnings of reporting AHFME members is \$153,505. The range of total earnings is \$71,000 to \$412,000. Eighteen individuals (69%) reported total earnings in excess of \$100,000 while eleven individuals (42%) 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 \$94,915 and full professors’ average earnings of \$215,663 is \$120,748.

AHFME members who are full professors earn an average of 127% 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	\$71,000—\$118,000	\$94,915	\$89,000
Associate Professor	9	71,100—236,000	156,844	159,000
Professor	8	84,000—412,000	215,663	188,750

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	\$85,943	\$94,915	\$8,972	9%
Associate Professor	107,722	156,844	49,122	31
Professor	146,625	215,663	69,308	32
Administration	134,800	217,500	82,700	38

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 \$8,972 more than their base salaries, which is a 9% difference, while the full professors' annual total earnings are \$215,663 which is 32% greater than their average base salaries of \$146,625. Responding members who are associate professors had an increase in their total compensation of \$49,122 from their base salary which was a 31% increase in compensation. For administrators, who generally have twelve-month contracts the difference was \$82,700 or 38% 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=18)	Private (n=8)	Difference
Annual Salary	\$111,916	\$112,688	\$ -772
University Total	129,335	125,763	3,572
Total Compensation	141,919	179,575	-37,656
Part B			
Part B	Gender		
	Female (n=4)	Male (n=22)	Difference
Annual Salary	\$137,500	\$107,985	\$29,515
University Total	139,578	126,174	13,404
Total Compensation	190,828	146,719	44,109
Part C			
Part C	Certification		
	Yes (n=11)	No (n=15)	Difference
Annual Salary	\$114,652	\$110,320	\$4,332
University Total	132,629	125,014	7,615
Total Compensation	157,402	150,647	6,755

Based on figures reported in Part A of Table 9, 18 of the academicians were employed by public institutions and 8 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 only \$772 per year, while the mean total compensation difference is \$37,656.

Differences based on gender are clear, though only four women responded to this survey. Women earned a mean average salary of \$29,515 more and an average of \$13,404 more from their universities. Overall all women received \$44,109 more than males in total compensation.

Finally, certification appears to make a difference. Eight respondents of the 26 (42%) have at least one professional certification. The certified respondents received an average of \$4,332 more in salary and \$6,755 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—2008¹. 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 and 2009.

¹ See Schmidgall, R.S., earnings surveys in *The Journal of Hospitality Financial Management*, volumes 1-17.

Table 10
Comparative salaries and total earnings, 1989-2009

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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

*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 \$112,153. The average salary varied by rank from \$85,943 for an assistant professor to \$146,625 for full professors. AHFME members focusing in topics other than accounting and finance topped the list.

Seventy-seven percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$20,908.

The most common source of external earnings was consulting: Sixty-two percent of the respondents reported external earnings that averaged \$41,063.

The total annual earnings that respondents reported for 2009 ranged from \$71,000 to \$412,000. The average was \$153,505. The percentage increase in compensation of respondents from their base salaries to total compensation by rank varied from 9% for assistant professors to a 32% increase by full professors and 38% for administrators!

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.

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 94%, respectively, reported some degree of satisfaction.

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