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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	<i>%</i>
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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