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FUNERAL FINANCING

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HEARING

BEFORE THE

SUBCOMMITTEE ON BUSINESS, COMMERCE,
AND TAXATION

OF THE

COMMITTEE ON
THE DISTRICT OF COLUMBIA
HOUSE OF REPRESENTATIVES
NINETY-THIRD CONGRESS

SECOND SESSION

ON

H.R. 13492 and H.R. 13969

TO REQUIRE LICENSED UNDERTAKERS IN THE DIS-
TRICT OF COLUMBIA TO FURNISH FINANCIAL STATE-
MENTS WHEN FUNERAL ARRANGEMENTS ARE MADE

APRIL 24, 1974

SERIAL NO. 93-25

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FUNERAL FINANCING

WEDNESDAY, APRIL 24, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BUSINESS, COMMERCE, AND TAXATION
OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:45 a.m. in room 1310, the Longworth Office Building, the Honorable W. S. Stuckey (chairman of the subcommittee) presiding.

Present: Representatives Stuckey (presiding), Diggs (chairman of the full committee), Broyhill, and Gude.

Also present: James T. Clark, Legislative Counsel; John Hogan, minority counsel; Ms. Rebecca Moore, consultant to the subcommittee; Leonard Hilder and Ralph Ulmer, professional staff; Daniel Freeman, assistant counsel.

Mr. STUCKEY. The Subcommittee on Business, Commerce, and Taxation of the Committee on the District of Columbia will come to order this morning to consider two bills, H.R. 13492 and H.R. 13969. [The bills referred to follow:]

[H.R. 13492, 93d Cong., 2d sess. by Mr. Diggs on March 14, 1974]

A BILL, to require licensed undertakers in the District of Columbia to furnish financial statements when funeral arrangements are made.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every person licensed as an undertaker in the District of Columbia, including a funeral director, mortician, embalmer, or any other person who performs services with respect to the care and preparation of dead human bodies for burial or cremation shall furnish to the person making funeral arrangements for the care and disposition of the body of a deceased person, at the time such arrangements are completed and prior to payment therefor, a written statement showing thereon the price of the funeral, which shall include an itemized list of the services and merchandise to be furnished for such price, the cost of each such service or merchandise, and a statement of the cash advances and expenditures to be advanced.

SEC. 2. Any person found in violation of the provisions of this Act shall be fined not more than \$300, and in addition may have his undertaker's license suspended or revoked.

SEC. 3. This Act shall become effective ninety days after the date of enactment of this Act.

[H.R. 13969, 93d Cong., second sess. by Mr. Broyhill on Apr. 4, 1974]

A BILL to require licensed undertakers in the District of Columbia to furnish financial statements when funeral arrangements are made.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every person licensed as an undertaker in the District of Columbia, including a funeral director, mortician, embalmer, or any other person who performs services with respect to the care and preparation of dead human bodies for burial or cremation shall furnish to the person making funeral arrangements for the care and disposition of the body of a deceased person,

at the time such arrangements are completed and prior to the time of rendering the service or providing the merchandise, a written statement showing thereon the following information:

(1) the price of the funeral that the person making the funeral arrangements has selected and a list of all services and merchandise which are included in such funeral;

(2) the price of each of the supplemental items of service or merchandise requested;

(3) any amount advanced by the undertaker to the family of the deceased and a list of each item not covered by the preceding paragraphs for which each amount is advanced; and

(4) the method of payment.

SEC. 2. Any undertaker found in violation of the provisions of this Act shall be fined not more than \$300, and in addition may have his undertaker's license suspended or revoked.

SEC. 3. This Act shall become effective ninety days after the date of enactment of this Act.

We are very pleased and honored to have our Chairman of the Full Committee of the District of Columbia with us this morning and would like to have our opening remarks from the Chairman, Chairman Diggs.

Mr. Chairman, we would be glad to hear from you at this point.

Mr. Diggs. Thank you very much.

STATEMENT OF HON. CHARLES C. DIGGS, JR.

Mr. DIGGS. Mr. Chairman, first of all, I think that I would like to reiterate the rationale behind the legislation which is pending before the subcommittee, the opportunity is afforded by this legislation to have some discussion about an issue which is obviously fraught with emotionalism. On the other hand, it has certain practical aspects to it. It reaches into every family in the District of Columbia.

And in considering the importance of this jurisdiction, I might suggest a guidelines for not only for the contiguous jurisdictions but jurisdictions all around this area.

FEDERAL TRADE COMMISSION SURVEY

I specifically am referring, Mr. Chairman, to the Federal Trade Commission survey of funeral services in the District of Columbia, which they characterize as the first major effort by the Federal Government to collect and bring to consumers information on the actual cost of funerals. This information was being collected and released in the hope that more consumers would realize that there are a variety of choices available respecting funeral arrangements; that information on prices is available but must be aggressively sought out by consumers interested in price. And the funeral prices vary substantially, and inexpensive funeral arrangements can be obtained.

The FTC went on to say as an initial effort in collecting and disseminating information on funerals, that this survey does not tell consumers everything they might want or need to know about funeral arrangements. It does however provide some significant information which the public may find useful.

Then, they go on to talk about the prices versus variations among funeral homes. It talks about the variety of inexpensive funerals and the sense of established prices, the difference between funerals, reduc-

tions of—question of reduction for declined services, the implication of the absence of a selection room, the differential between what the mortuary or the mortician provides and what is provided outside of the mortuary, then misconceptions about legal requirements of a funeral. This is also a subject of considerable analysis and available alternatives.

I would like to bring to the attention—particularly to the attention of the practitioners that are here, this was a pilot survey. The results of which would have implications across this country. Therefore, this matter is not a pattern of strictly local significance in its implication. There are other people here who will be testifying in connection with certain other aspects of this entire matter. There is a great deal of focus on the subject. Some of which is recognized by the profession; some of which is not by traditionalists who believe they can continue to follow old guidelines, failure of disclosure. These kind of traditional abuses, in my opinion, do not serve the consuming public. And in my further view, they do not serve the profession itself.

So it is in the light of the Federal Trade Commission study on these prices and its prospective involvement of other jurisdictions that we are particularly anxious to hear the testimony of the witnesses today in order to try to clear up some of the points at issue.

PENDING LEGISLATION

Now, specifically, Mr. Chairman, there are two bills that are pending before the subcommittee. One (H.R. 13492) was introduced by myself, and the other (H.R. 13969) was introduced by the distinguished gentleman from Virginia, Mr. Broyhill.

Both these bills involve the same principle, and I look upon whatever differences there might be between my bill and that of the gentleman from Virginia as being rather irrelevant at this point.

The main thrust of both measures is disclosure of the components of a funeral bill, and whether we end up with the itemization concept with respect to every charge, or whether we end up with the kind of legislation which is suggested by Mr. Broyhill—let us all understand that we're talking about the same principle. And the legislation which we have introduced represents an opportunity, as I see it, to have a discussion of this matter and pursuant to the consideration of what best suits the interest of the public and the interest of the profession itself, and whether or not the remedy might be available in State Board Regulations, on a local jurisdiction basis, which is a revision of which is pending before this body at the present time.

So with those introductory remarks, Mr. Chairman, I would yield back my time.

Mr. STUCKEY. Thank you, Mr. Chairman.

The committee certainly appreciates your very informative and eloquent presentation. If anyone is any better qualified to speak on the subject, I don't know who it is, being our distinguished Chairman is a licensed funeral director and mortician himself and has practiced in that profession for quite a few years.

I believe we all do realize with the introduction of both Mr. Diggs' and Mr. Broyhill's bills that there certainly is a need for reform in this area, and certain matters of information and protection in relation to

the consumer should be made, and also it will strengthen the funeral directors and morticians in the District of Columbia to have a bill of either one of these types.

At this point, I would like to yield to our distinguished gentleman from Virginia, who also has a bill of 13969. Mr. Broynhill.

Mr. Broynhill. Thank you. Mr. Chairman.

STATEMENT OF HON. JOEL T. BROYNHILL

Mr. BROYNHILL. First of all, let me express my appreciation to you for being so very prompt in holding these hearings on this very important subject. I would also like to thank the Chairman for his very competent remarks.

I would like to submit my statement for the record and just touch upon a few points for emphasis.

Let me also express a note of apology, and I say this sincerely, it's a very important piece of legislation, but I have another commitment to be at the Committee on Ways and Means at 10 o'clock; at which time we are holding or starting hearings on maybe what some people call the opposite end of this subject. This has to do with funeral expenses. The subject we have before the Ways and Means is the National Health Insurance. Possibly today, we will be trying to delay the benefits of this bill as long as possible.

Just to give a little more direct example of how my representation of my constituent goes, I am playing both ends against the middle.

I have one of our most principal citizens in my District, one of the leading morticians, undertakers. He is here this morning, and I called to his attention that his brother is an obstetrician, and I have to go to the other committee to talk of his profession as well as the profession of the undertakers. They have used that expression that we have heard before, we take care of them from the womb to the tomb. So I am trying to do the same thing here this morning.

It was pointed out by the gentleman from Michigan, Mr. Diggs, that our bills are similar in the objectives, and that is requiring that the financial statement be issued by the undertaker to the complete cost of the funeral services, including the amount advanced by the undertaker, if any; the method of payment, and this protects any individual family from being shocked as to what the cost of the services are to be or apt to be after the funeral has been completed.

The only difference I have seen between the approach in my legislation is the method of itemizing the cost. I can understand it a little better. My bill provides for listing the cost, such as we would in a dinner menu, dinner price of the meal where you list all of the items for a fixed price; wherein the bill introduced by the Chairman, as I understand it, would be comparable to the a la carte method of pricing the menu. It's my understanding that this would lead to probably a little higher cost; although the same objectives in letting the family know the cost would still be obtained by pricing each item in a restaurant separately. A boiled or baked potato or coffee separately would cost a little more than those items including it in the total cost of the dinner.

Now, maybe the witnesses might help clarify that somewhat. I know I am confident that the gentleman from Michigan is trying to protect the family, the grieved people. The gentleman being a licensed

mortician and probably knows where the effects of my bill, the effective cost in his own bill are different. It is my understanding that the State of Michigan, and I would be glad to be corrected if I am wrong, uses a method that is embraced in my legislation. I am confident that the State of Maryland and Virginia in their laws do provide for the listing of the total cost based on all items being assembled in one cost. I am encouraged, however, with the gentleman's explanation of his bill and the comparison of his bill and mine in that we will be successful in obtaining our common goal.

Thank you, Mr. Chairman.

[The full statement of Mr. Broyhill follows:]

STATEMENT OF HON. JOEL T. BROYHILL

Mr. BROYHILL. Mr. Chairman: I wish to express my appreciation for these hearings, as an opportunity to consider this proposed legislation which is sorely needed for the protection of the public in the District of Columbia against certain practices relating to payment for funeral services in the city.

On April 4, I introduced the bill H.R. 13969, the purpose of which is to require undertakers in the District of Columbia to furnish to any person making funeral arrangements, prior to the actual rendering of such services, disclosure of all the cost involved.

This disclosure will be in the form of an itemized statement, and it must show the price of the funeral selected and a list of all services and merchandise included in that price, and the price of any and all supplemental items of service or merchandise requested. It also must include any amounts of money advanced by the undertaker to the family for certain items, as well as a list of each item not listed elsewhere in the statement and for which such money is advanced. Further, the statement must show the method of payment.

The penalty for any violation of this Act will be a fine of not more than \$300 and also a possible suspension or revocation of the undertaker's license.

The pre-funeral statement required by this proposed legislation will serve to inform completely the person making funeral arrangements as to the actual and total cost of the funeral and the services which he desires. As a result, no bereaved family will find themselves, after the funeral, presented with a bill including extra charges for certain services which they had thought were included in the basic price they had been quoted. I am advised that at present this unfortunate occurrence is all too prevalent in the District of Columbia.

Also, under this plan of total disclosure, the family will be able to select only those items of service and merchandise which they actually desire in connection with the funeral, and to reject any unwanted such items at a savings in cost. The present practice of "unit pricing" of funerals which exists in the District offers the family no such opportunity.

Both of the bills which are the subject of this hearing have the same admirable goals. However, the bill which I introduced, H.R. 13969, does not contain an element present in the other bill which I believe would be counter-productive. This is the requirement that separate prices be quoted for all the components of the basic standard funeral.

I am sure that a la carte pricing of each of the basic components of a funeral, as is provided in H.R. 13492, will raise funeral prices and thereby eliminate the low priced funerals that are now available in the District. As a consequence, this will force upon many grief-stricken poor families the undignified necessity of asking for some degree of charity.

The steadily rising cost of funeral services and merchandise poses a serious financial problem to families of limited means, and certainly the requirement of complete disclosure of all such costs prior to the funeral, which is provided in this proposed legislation, will bring a badly needed measure of relief in this area to the citizens of the District of Columbia.

I am informed that legislation similar to this has been enacted in seven states, and that regulatory restrictions are in force in many other jurisdictions to this same end.

Mr. Chairman, I urge favorable action by this body to bring this same measure of benefit to bereaved families in the District of Columbia.

Mr. STUCKEY. Thank you, Mr. Broyhill.

We will take care of the tomb here; you take care of the other when you go to your other committee.

Mr. Gude.

Mr. Gude. No statement.

Mr. STUCKEY. At this time, we will call on our first witness, Mr. Thomas Rosch, Director, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

STATEMENT OF J. THOMAS ROSCH, DIRECTOR, BUREAU OF CONSUMER PROTECTION, FEDERAL TRADE COMMISSION, ACCOMPANIED BY ARTHUR ANGEL AND PAUL DAW, STAFF ATTORNEYS, FEDERAL TRADE COMMISSION

Mr. ROSCH. Thank you, Mr. Chairman.

Mr. Chairman, and members of the Committee, I would like to thank you for this opportunity to present the views of the staff of the Bureau of Consumer Protection of the Federal Trade Commission on H.R. 13492 and H.R. 13969. I wish to state at the outset that I am speaking for the staff and not for the Commission itself.

I have submitted to the committee a statement. It's approximately 25 pages in length, and I propose this morning to simply highlight the highlights. As you know, the staff of the Federal Trade Commission is currently conducting a broad ranging investigation of funeral industry practices. This was accomplished during the course of an experimental survey of funeral prices in the District conducted between October, 1973 and February, 1974.

The survey was initiated to collect information on funeral prices, pricing policies, and related matters for the Commission and for the public. The purposes of the survey and the premises upon which it was based were spelled out in the Commission's resolution of October 4, 1973, authorizing the survey. The survey results are described in detail in the report of the staff's findings and analysis, which was publicly released on February 28, 1974. I am submitting a copy of the report, which includes the Commission's October 4th resolution, and with your permission I request that it be included in the record of these proceedings.

Mr. STUCKEY. Without objection it is so ordered.

[The report appears in the Appendix:]

Mr. ROSCH. I would like to turn first to the analysis.

H.R. 13492

With this background, I turn first to an analysis of H.R. 13492. This bill would require funeral directors in the District of Columbia to provide their customers with a statement specifying the various items included in the funeral service and their respective costs. These disclosures would have to be provided at the time arrangements are made and before the customer pays for the funeral.

STATE LAWS

The bill is the latest example of a trend toward requiring itemized funeral statements which we have seen in State legislatures around the country. At least seven States now require itemization of funeral

costs in one form or another. These States are California, Colorado, Florida, Minnesota, New Jersey, New York and Pennsylvania. The itemization laws in these States differ in many respects—such as the degree of detail, whether the law is a statute or a board regulation, et cetera—but they all share the common objective of breaking down the funeral bill into its component costs.

In his announcement of today's hearing, Chairman Diggs indicated that H.R. 13492 is intended to address two problems affecting consumers who must make funeral arrangements. The first is the danger that a consumer unfamiliar with the various funeral-related expenses will be quoted a funeral price which he thinks is all-inclusive, only to learn afterwards that he has incurred substantial additional charges. The second is the apparent unwillingness of some funeral directors to reduce their funeral charges when a consumer desires something less than the full complement of goods, services, and facilities which the funeral director includes in his "complete" funeral service package.

The Commission staff supports the legislative goal of remedying these two consumer problems. Moreover, the Commission staff supports the concept of itemization laws as a response to these problems. Breaking down funeral charges informs consumers of what they are getting for their money and facilitates the cost-value comparisons which are an integral part of rational marketplace purchase decisions. At the same time, an itemization law can clarify the consumer's right to decline certain of the enumerated components and their proportionate share of the total funeral charges.

METHODS OF PRICING

While the survey found that Washington morticians generally agree on the assortment of goods and services which comprise a so-called "complete" funeral, there are a number of possible ways to present the price of this "complete" service to the consumer. One method is to express the funeral price as a single figure which incorporates all of the items included. This quotation method is often called "single-unit" pricing, although it might be referred to colloquially as "lump sum" or "package" pricing. Other methods break down the cost of a "complete" funeral into two or more component prices. Any quotation method which does this may be called "functional pricing", the simplest form of which is so-called "bi-unit" pricing, whereby the price of the "complete" funeral is expressed as the sum of two separate prices; one for the casket and the second for all other elements of the funeral. It is equally possible to follow a tri-unit method—most often, separate prices for casket, professional services, and facilities—or a four-unit pattern—individual prices for casket, services, facilities, and livery. The funeral director may, in fact, separate the total funeral cost into as many discrete kinds of service, facilities, or merchandise as he cares to describe.

I must emphasize that there is no necessary connection between the quotation method used and the tying together of goods, services, and facilities. Insofar as one aim of this legislation is to enable funeral consumers to accept and pay for only the services and facilities they want, it does not follow that the single-unit pricer is the sole focus of the bill. One reason is that even itemized pricing methods may not list those funeral elements which a consumer is likely to want to de-

cline. If the breakdown presented is, say, casket, embalming, and professional services, a consumer who does not want to use the viewing room or the chapel would not know whether he can decline these items and if so, with what reductions in the funeral bill. The bi-unit method especially lends itself to perpetuation of the same tied-up "package deal" as the single-unit system. All facilities and services—everything except the casket—are still priced at a lump sum under bi-unit.

The second reason why a detailed quotation method does not necessarily lead to free consumer choice is that some mortuaries may quote a separate price for an item, yet refuse to subtract that amount from the total price when the item is unwanted. For example, a funeral director may list a price of \$100 for embalming but still charge for it even if it is unwanted.

The third reason why the absence of itemization is not synonymous with the presence of the tie-in is that, as the FTC survey showed, some morticians who quote a single-unit price are quite accommodating about granting allowances to families who want less than the full package of services. That is, while the starting price is a lump sum figure, whenever a consumer asks for an adjustment to take account of unused services, the mortician will oblige. On the other hand, this is less than ideal, since it places on the bereaved buyer the burden of asking for a discount, and depends with certain items.

For all of these reasons, then, the seriousness of the tie-in problem is more precisely gauged by determining what discounts are actually offered, rather than by analyzing the different quotation methods used locally.

The record of Washington mortuaries in the matter of discounts suggests one necessary feature of an effective itemization law: the itemized categories required by law must include those services and facilities which some consumers are likely to refuse. On the other hand, common sense dictates that any itemization not include more detail than a bereaved buyer is likely to be able to assimilate. Moreover, there are other objections to an overelaborate itemization. First, too many items may lead to increased funeral prices. This could occur if morticians, seizing an opportunity to rationalize overpricing, construct a lengthy list of services, each with its own charge. Second, when the list becomes too long, there can be duplications and overlaps, with the practical result that consumers pay twice for the same services in different guises.

H.R. 13492

H.R. 13492 does not prescribe the categories for which separate prices must be quoted. Therefore, the practical result of its enactment in its current form might be too few categories or, more likely, too many. The desirable middle ground is difficult to find, and, as the bill is now worded, there is nothing to ensure uniformity of itemization or the optimal number of categories. Under these circumstances, the Commission staff respectfully suggests that Congress define and delimit the categories for the required itemization.

AMENDMENTS PROPOSED

Attached to my statement is draft language embodying three changes we recommend in H.R. 13492, and what follows is our analysis of these proposed amendments, in fact that is the first one.

SPECIFYING CATEGORIES DESIRED

Amendment One. The first change we suggest would enumerate ten specific categories into which funeral charges are to be itemized. Charges in certain categories, such as transportation charges and cash advances and expenditures, would be further itemized to give the consumer an accurate picture of the expenses.

Breaking down the funeral bill into these 10 categories gives consumers sufficient detail to understand what they are paying for and might care to decline, while avoiding excessive itemization and its attendant risks. These 10 categories identify the basic funeral components and require separate listings for all merchandise items, such as caskets, burial vaults, and the like. The proposed amendment differs in only one substantive respect from the recently enacted Minnesota statute on which it is based.

The respect in which it is different is the Minnesota itemization law has a category for the burial vault, in addition to one for "other funeral service merchandise." A burial vault is, of course, one kind of funeral merchandise, usually the most expensive after the casket. Therefore, if a vault were purchased, it would have to be itemized, anyway, under the merchandise category. We believe that a separate category for a burial vault is undesirable because it might foster the mistaken impression that vaults are in some way required. We know from our investigation that many consumers now buy burial vaults because of this misconception. A law aimed at giving funeral buyers more information and more choice should not operate we feel to reinforce erroneous beliefs as to the legal or other necessity for vaults.

UNWANTED SERVICE

Amendment Two. The second change we would offer would strengthen the itemization law by explicitly recognizing the right of the person making funeral arrangements to decline unwanted services and have the funeral charges reduced commensurately. Without such a provision, an itemization requirement is rather hollow, for it gives the consumer information about the costs of different components of a funeral without the ability to act on the basis of that information and exercise choices. Simply requiring funeral directors to break down their charges would not necessarily rectify the unfairness of consumers paying hundreds of dollars for services they neither want nor use.

Turning now to the third amendment, the purpose of the third amendment is to insure that the charges listed as cash advances or expenditures represent the actual amounts expended by the funeral director. From our investigative work, we believe that some funeral

directors make a practice of recouping more from the consumer for "accommodation" or cash advance items than they actually pay out. We strongly believe that this practice is both deceptive and unfair and should be explicitly prohibited.

RELATED PROBLEMS

In addition to offering these specific amendments, I want to highlight several related problem areas which merit consideration in the context of the present legislation. First, there is a potential problem of *ad hoc* price discrimination even after enactment of itemization. The Commission's survey found that seven Washington mortuaries have variable pricing policies, which theoretically at least permit a mortician to charge each customer according to his perceived financial standing. Nothing in H.R. 13492 would preclude this. The itemized price of, say, professional services might be at a substantial higher figure for one customer than for another, even though the services do not vary.

One solution to this problem is a requirement that the mortuary either post the itemized prices of all service offerings or show the prospective buyer a printed price list. While the posted prices might be reduced in hardship cases, they could not be exceeded. The Commission staff invites the committee's consideration of such a requirement for D.C. funeral homes.

Very closely related to this is the requirement of some states that each casket offered for sale bear a card showing the casket price. Since 35 of the 36 Washington mortuaries which have casket selection rooms already do this, the variably priced casket is not a problem in this regard. However, 19 mortuaries lack selection rooms, and, of these, 14 have no display of prices. Their clients are usually escorted to the sales floor of a casket wholesaler to choose from among caskets with no price tags on them. It would be impractical to require the wholesaler to display casket prices, because different funeral directors charge different retail prices for the same casket. But a statutory provision requiring funeral directors to display casket prices in some form, even when the caskets themselves are not on display in the mortuary, would remove the opportunity for case-by-case price manipulation.

Next, there is another tie-in problem, the requirement of a casket for cremation. One Washington mortuary imposes such a requirement as a matter of company policy. Four others erroneously stated to the Commission that crematory rules require that bodies be delivered in caskets. Another mortuary simply indicated that a casket was a requisite, without identifying the source of the requirement.

There are two problems here. The first is the substantive requirement of a casket. We are aware of no reason why any mortuary or crematory should be permitted to impose such a requirement. The legitimate interests of the crematory seem to us to require, at most, that corpses be delivered in some sort of a container, but not necessarily a casket. Thus, the Commission's staff recommends that both crematories and funeral directors be prohibited from requiring a casket in cremation cases.

The second ill associated with cremation caskets is misstatement of their necessity, whether done intentionally or innocently. To solve that problem, the Commission staff would require affirmative disclosure, written conspicuously on the arrangements statement, that a cremation casket is not required by either mortuary policy, crematory rule, or law.

H.R. 13969

Now, I would like to turn briefly to H.R. 13969. The Commission staff believes that H.R. 13969 falls short of providing essential protections. Specifically, although H.R. 13969 does address the problem of the lack of a written statement at the time funeral arrangements are made, it does nothing to combat the more pressing tie-in problem, which arises from morticians' refusal to allow discounts for unwanted services.

Although it appears on its face to prescribe a form of itemization, the effect of H.R. 13969 may be mandate (at least as a minimal requirement) the same kind of single unit, package funeral price which is productive of the greatest problems as a tie-in. Subsection (1) of Section 1 requires only that a single price be quoted for the "complete" standard funeral, which includes such separable items as casket, embalming, professional services, use of facilities for viewing and for funeral services, and so on. While requiring that these components be separately listed, the bill does not require that a separate price be assigned for each, nor that each be individually declinable.

Subsections (2) and (3) of Section 1 do, it is true, require a price itemization of "supplemental" items of service or merchandise and of cash advance items. However, this represents no departure from existing practice, since virtually all mortuaries customarily and traditionally provide a separate accounting both of "extra" selections (e.g., burial garments, vault) and of cash advances (e.g., clergyman's honorarium, cemetery charges). Moreover, nothing in our investigation suggests that the tying together of cash advance or supplemental items in a single funeral price is a problem, in sharp contrast to the numerous indications that discounts are refused when components of the core of standard services are declined.

In a word, the staff is concerned that H.R. 13969 would simply codify the package pricing method which lends itself most readily to tie-in abuses. For that reason the Commission staff cannot support the bill.

CONCLUSION

Mr. Chairman, as I have indicated, the Commission staff strongly supports H.R. 13492, with the amendments we have proposed, as a significant step toward improving funeral practices in the District of Columbia. I must emphasize, however, that H.R. 13492, like other itemization laws, is only a first step in funeral reform.

An overriding problem in the industry is the absence of price competition. When the dynamic of competition is inoperative, the result is overcapacity, preserved inefficiency, and high prices.

One of the factors contributing to the lack of price competition is the fact that consumers do not have enough information about practices, procedures, costs or alternatives. The FTC survey of funeral prices in

D.C. was, like H.R. 13492, only a beginning effort, which we hope will start the flow of information on funeral prices. Much more needs to be done in the way of consumer education to equip consumers with the information they need to make funeral arrangements intelligently.

LICENSING REFORM

Another badly needed reform in the funeral service industry is to make funeral licensing boards more responsive to consumer needs. In the District of Columbia, as in most jurisdictions, the board charged with regulating the practices of funeral directors is composed exclusively of funeral directors (with the exception locally of a representative of the Office of Vital Statistics). However effective such boards may be in performing testing and licensing functions and rooting out instances of unauthorized practice of funeral directing, it is clear that they cannot and do not serve a consumer protection function with regard to the commercial practices of undertakers. Whatever need there is on such boards for undertaking expertise could adequately be served by having several licensed funeral directors as members. Adding public members to such boards could make them regulatory in fact, not just in appearance, with a perspective that is not necessarily wedded to the views and the practices of fellow practitioners.

I make reference to problems which go beyond the scope of H.R. 13492 only to highlight the need for further regulatory efforts that will follow H.R. 13492 and ensure the fairness of funeral transactions in the District.

Thank you.

Mr. STUCKEY. Thank you, Mr. Rosch.

At this point, Mr. Angel or Mr. Daw, either of you have any statements that you would like to make?

Mr. DAW. No, sir.

Mr. STUCKEY. We appreciate your comments and statements, and certainly we'll give consideration to the proposed amendments which you have.

Mr. Diggs, do you have any questions at this point?

Mr. DIGGS. The gentleman referred to a broad ranging investigation of the funeral industry practices which you are currently conducting.

CURRENT FTC INVESTIGATION

Could you go into that and tell us the nature of the investigation? First of all, the rationale, why you are conducting the investigation. Secondly, could you tell us the nature of the investigation in this jurisdiction and beyond this jurisdiction. Thirdly, what is the purpose; what is the end result that you hope to accomplish by your investigation?

Mr. ROSCH. Yes. At the present time, the investigation is still in the non-public stage, but I can at least sketch out for you its purposes and the basis of it at the present time and indicate what its scope is.

The purpose of the investigation is to determine whether there are currently violations of Section 5 in the funeral industry. Section 5 of the Federal Trade Commission Act which condemns all unfair practices. The investigation is focusing—or perhaps I should retract that—the investigation is designed to determine whether or not

there are any such practices currently existing in the industry. We are concerned with whether or not there are any traditional antitrust violations occurring. By traditional antitrust violations, I am talking about price fixing. I am talking about price fixing. We are also concerned about practices, although they might not be considered to be traditional antitrust violations, whether they are unfair in the sense that the Supreme Court's decision in the S and H case has defined unfair practices under Section 5, practices unfair to the consumer.

Mr. DIGGS. When did you begin the investigation?

Mr. ROSCH. That investigation was commenced last year.

Mr. DIGGS. And when do you expect to finish it?

Mr. ROSCH. I really can't say.

Mr. DIGGS. Have you sought the cooperation of the industry through the National or local organizations?

Mr. ROSCH. We have had input from the industry, both.

Mr. DIGGS. Specifically, what have you asked them for and have they been cooperative in connection with your investigation?

Mr. ROSCH. We have asked the National organization for general background information with respect to the industry, and they have cooperated or been cooperating with us to date.

Mr. DIGGS. Well, what have you asked them for? This isn't classified, is it?

Are you trying to establish some guidelines, trade guidelines or establish some kind of trade rules?

Mr. ROSCH. That may be the result of the investigation.

Mr. DIGGS. Have they volunteered because you are suggesting, or have they volunteered in anticipation that this might be their objective?

Mr. ROSCH. In an indirect fashion, yes, we have. We have asked them for their codes of ethics at the present time to determine whether or not they're sufficient. Under the circumstances, we have asked for price advertising policies. In general, we have asked for the sort of information with respect to the sort of policy, policies which prevail in the industry. We have received their cooperation in that respect.

Mr. DIGGS. Do you have these communications? Are they available to the committee?

Mr. ROSCH. Such communications as we have them from the industry?

Mr. DIGGS. Communications apparently. I gather you sent out some communication to the industry requesting certain information, and apparently they have responded in some way. Would the Committee be able to get ahold of this information, the exchange of communications that you sent for the record?

Mr. ROSCH. The requests made by the staff have been oral. Some of the responses have been written. As a matter of fact, some proposed guidelines were just submitted by NSM, and those we can make available to the committee.

Mr. DIGGS. Make them available to the committee for the record.
Mr. ROSCH. Yes.

Mr. STUCKEY. If there is no objection, the information will be made available to the committee.

Mr. ROSCH. I am sorry. That is NFDA. I am sorry.

Mr. DIGGS. You mentioned antitrust, does that include any inquiries or examinations about cartels or anything in connection with the cemeteries or anything of that nature?

Mr. ROSCH. Yes, that is one of the aspects which we're exploring.

Mr. DIGGS. Does this represent a concern on the part of the Trade Commission about cartels growing in the industry?

Mr. ROSCH. Not specifically at this juncture. It's an omnibus investigation. That would be one of the things we would be looking into, to see whether or not there were any antitrust violations existing.

Mr. DIGGS. I noted that there was only one mortuary in the whole District of Columbia that did not file a response.

Mr. ROSCH. That is correct.

Mr. DIGGS. Malvan and Schey. What is the explanation for that?

Mr. ROSCH. They just haven't done so, and we have asked the Commission to follow up on that.

Mr. DIGGS. When you talk about the cash advances and the possibility that cash advances were being collected over and above those cash advances, what do you mean by that?

Mr. ROSCH. We have developed some evidence that at least in some instances in the District of Columbia, the amount of cash actually advanced by the mortuary is less than that which is represented on the statement.

Mr. DIGGS. Well, does this represent—

Mr. ROSCH. We have also found that in our National—excuse me—we found that in the National investigation.

Mr. DIGGS. You're talking about discounts for example in connection with a cremation, a crematory charge; that there may be one charge?

Mr. ROSCH. That is one of them.

Mr. DIGGS. That is one of them.

Mr. ROSCH. Flowers is another.

Mr. DIGGS. This is a charge, and in other words, they discount to the mortician, and the difference is what you are talking about.

Mr. ROSCH. That is one of them. Now, flowers is another one. Death notices is still another, and the consumer, when the charge is made on the consumer's bill, it appears as though what this consumer is being charged is actually what was paid out by the mortician, and which is in fact not true. I must say again, I can't characterize this as an across-the-board practice by any means. This has turned up on a spot basis in our investigation.

Mr. DIGGS. You're suggesting to categorize for which pricing should be itemized. How do you strike upon that particular figure there?

Mr. ROSCH. Well, as I said, it is based in the first instance on the Minnesota statute, but it also represents what he thinks is a proper balance—as I indicated, there is a danger of overitemization, and what we have tried to do is to determine what the principal items of interest to the consumer are likely to be and to highlight those so as to be most informative to the consumer.

EFFECTS OF ITEMIZATION

Mr. DIGGS. What makes you believe that itemization would create price fixing or raise the basic prices of services?

Mr. ROSCH. Well, I don't think it would do either. I heard both of

those contentions, and I just don't think any credence should be given to them.

With respect to price fixing, what we are talking about here is the single-firm conduct. We are not talking about concerted conduct by firms with respect to itemization.

We would be talking about single-firm conduct operating in compliance with a law of the District of Columbia. I see no price fixing overtones to this at all.

With respect to raising prices, I have heard it said that itemization could in fact have that effect. More specifically, I think what has been said at the present time is, without itemization there is a system of graduated recovery of overhead which means that some morticians are charging some customers more or are charging less for some funerals than they are for other funerals. They are trying to pick up their overhead or the greater share of it through the higher priced funerals. And the fear is—the fear that is being expressed is, if you require itemization, you will introduce a system of average overhead. Consumers will tend to take the average type of funeral and that will continue only in the amount instead of a graduated amount. I don't think that would necessarily have this effect.

In New York, after they passed their itemization law, the results were kind of mixed. Some funeral directors did increase their overall prices. Others continued on a graduated recovery basis. Simply by loading their increased overhead cost onto the cost of the casket, this would be done. So they were able to continue then offering low cost funerals, medium priced funerals and high priced funerals by varying the cost of their caskets.

GRADUATED RECOVERY

I think a funeral director who wanted to continue with a graduated recovery of overhead system could do so by doing exactly that.

I also think however that even if this itemization did to some extent undercut graduated recovery, that wouldn't necessarily be bad. In the first place, under a system of graduated recovery, it's not clear at all to me who is subsidizing home. It might be that the lower income people are getting the benefit of the system through being able to purchase low income or low priced funerals. On the other hand, it may be that what is happening is that most bereaved and the most emotionally overwrought, the most susceptible customers are simply the ones who are doing the subsidizing, and it is not the rich who are buying the more expensive funerals to subsidize the least expensive funerals.

I also think this graduated system tends to mastermind the incentive to sell at the higher price range. I think that that lends to high pressure tactics and not necessarily confined to this industry. We see that in other industries as well. When you have a graduated recovery of the overhead system with respect to products, you see a lot of emphasis put on the sale of the higher priced products and leads to such practices as switch and bait and such and fraud at the point of sale.

Mr. DIGGS. You are not suggesting that you have any evidence of that in the funeral industry, are you?

Mr. ROSCH. Not at this time, no.

I am saying however that based on our experience with other industries, this sort of system leads to that kind of conduct. So there is at least a danger.

Mr. STUCKEY. Would the gentleman yield?

Mr. DIGGS. I yield.

DECEPTIVE PRACTICES

Mr. STUCKEY. Would you say there are any indications of this type of practice? Let me give you an example that went through my mind. We are talking about some of the deceptive practices that might be going on or price fixing. Let's say that a funeral home has an agreement with a florist, and the florist says, okay, if you will give us as much of the business as you can, we will knock off 5 percent or rebate 5 percent to you. They could in reality do this or add 5 percent to the cost and still kick the 5 percent back, and they would get it. And when a funeral home itemized a bill, as you suggested, they would put the retail, not less the 5 percent. That would be deceptive, and that is some of what you are speaking of?

Mr. ROSCH. Yes.

Mr. STUCKEY. There are industries that have this in their industry?

Mr. ROSCH. That is correct. There are no problems with that in this industry. I was thinking more in terms of bait and switch. And our hard evidence that we have with respect to this industry at this time, I would have to say—at this junction is not extensive.

Mr. STUCKEY. Would you say this would be in violation of Section 5?

Mr. ROSCH. Yes.

Mr. STUCKEY. But not putting down the actual cost, the less than 5 per cent, that would be against Section 5?

Mr. ROSCH. Under the circumstances you described there, there is no question in my mind it is deceptive practice.

Mr. STUCKEY. I yield back to the gentleman.

COMPARABLE PROFESSIONS

Mr. DIGGS. I have one more question to ask of the gentleman. Are you conducting—is the FTC conducting any investigation with respect to any comparable profession, or is this unique as it relates to your overall investigation? Is there any deviation involving a professional merchandiser which is what the funeral industry actually is; that you are conducting that is comparable to this; that is turning up any evidence of this industry or forms of this?

Mr. ROSCH. At the present time, we have not. That is now however to say that we will not be going into this in the future. I don't want to rule anything out at this point in that respect. I will say that the reasons that we focused on the funeral industry is that there are some very peculiar features about this industry. Mostly about the consumer involved and the transactions involved. We are dealing with a consumer who because of his bereavement, we believe is peculiarly vulnerable and deserving of consumer protection. Then, we are dealing with a consumer who is operating under a good deal of time pressure, and thus, has to make quick decisions. And we think that the full disclosure is imperative in that particular instance.

Finally, we are dealing with a transaction which I think does involve a tremendous potential for tie-ins. It's difficult actually to—

I was trying to think before I came down here of an example about any comparable industry, and I couldn't put my finger on it until the discussion came up about a la carte menus and complete meals. But I don't think that is quite an analogous situation. I think that, first of all, there is no pressure involved in the various a la carte items which appear, and they are not even remotely comparable to what you are talking about in terms of funeral services. I think that difference introduced—that introduced a difference at least in degree and perhaps a large difference from the funeral industry. Beyond that, I think that the current practice is that even when you have got that complete meal menu, you have got an a la carte menu, too. At least in many instances; this is the case. So that you have at least got the choice. In many instances today that is not the case in the funeral industry, that this happens, but I think there are distinctions.

Mr. DIGGS. Your investigation involves Michigan, Georgia, Maryland and Virginia?

Mr. ROSCH. It is a nationwide investigation. Quite frankly, I can't recall now whether or not there is anything specifically going on in those particular States.

Mr. DIGGS. Thank you, Mr. Chairman.

Mr. STUCKEY. Thank you.

Mr. Gude.

Mr. GUDE. Thank you, Mr. Chairman.

Mr. ROSCH, you made it clear all through your testimony that you're speaking for that staff and not the Federal Trade Commission. Has the FTC considered a formal position in regards to regulations in this area or what is their posture in regard to this?

Mr. ROSCH. No, Congressman. The situation in that respect is that the staff has not presented its recommendations to the Commission as yet with respect to regulations, and it will not do so until it completes its investigation.

Mr. GUDE. The recommendations that you have in your testimony here are not necessarily recommendations that you will make to the Commission?

Mr. ROSCH. That is correct; that is correct.

Mr. GUDE. They're observations in light of your research from the date on these particular items?

Mr. ROSCH. Precisely.

Mr. GUDE. You mentioned in regard to the experience in New York where they have itemization, that some of the funerals were more expensive and some less expensive. Do you see the legislation that we are considering with the amendments that you proposed as curing that problem?

RIGHT TO DECLINE SERVICES

Mr. ROSCH. I think it would. In that, what we are talking about here is a right to decline. A feature which is not present in the New York legislation. I think that might cure the problem, so that while the overall package of goods and services might be higher, the right to decline at least gives the consumer the option to have a lower price funeral than he has.

Mr. GUDE. But doesn't the consumer in New York have the right to decline in that the items are itemized?

Mr. ROSCH. Not in so many words, and it has not been so interpreted either by the funeral—by the morticians there or indeed by the State.

Mr. GUDE. But you are going to make available to the committee, or will you make available the figures on the New York experience and what your survey has found as far as the pricing situation is?

Mr. ROSCH. We can give you what we have on that situation, yes.

Mr. GUDE. You mentioned in New York, that the reason the cost had gone up in some categories was that they used the means of putting the full cost of the funeral of into the price of the casket.

Mr. ROSCH. No.

Mr. GUDE. This regulated the price of the overall funeral. The consumer said, "I want this casket or that casket", and that included all of the services that went along with the funeral.

Mr. ROSCH. I am saying if the mortician wishes to use a graduated system of recovering overhead, he can do it. He can do it by lumping in or by lumping whatever overhead he wants to recover into the casket price rather than at present as happens in many states, they have been lumping the overhead into the total funeral price.

Mr. GUDE. Could he do that under Chairman Diggs' bill with the amendment he provided?

Mr. ROSCH. Yes, he could do so. He could do so.

Mr. GUDE. And would that not lead to the possibility that the total price of the funeral would be greater if there was just the lump sum type of choice?

GRADUATED PRICES

Mr. ROSCH. I don't think so. I think on the contrary what it is a safety valve. What the people said, it would raise overall prices—have been concerned with, is this graduated or—I beg your pardon—it hasn't said they would raise the overhead, it would do away with the low priced funeral. Basically, what I understand you would end up with is a low priced funeral once the consumer saw that once he was given uniform prices. Everybody would take the same type of funeral. I am saying that is not necessarily so. They can still graduate their funerals simply by graduating the prices, paying for the casket. What they now do in many instances is graduate the price of the entire funeral package, and the fear which has been expressed is that this itemization would lead away from that system, and then you wouldn't have a low cost funeral available. But I am saying I don't think that would happen. I think you would still have a low cost casket available, and you would have the medium cost casket available and the high cost casket available. So itemization need not do away with that aspect of the current system.

Mr. GUDE. Thank you, Mr. Chairman.

Mr. STUCKEY. I just have a couple of short questions.

Mr. ROSCH. Your investigation that you are conducting, this is not just the District of Columbia?

Mr. ROSCH. That is correct. It is nationwide.

Mr. STUCKEY. The figures you have given us involve the District of Columbia which pertains to this particular bill.

Mr. ROSCH. Yes.

Mr. STUCKEY. Have you had any type of sampling that you have done—would that be one percent, 5 percent or 10 percent?

Mr. ROSCH. Well, with respect to—we have only done one, sir. We conducted one sampling, and that was one short of being 100 percent.

Mr. STUCKEY. You didn't really take that large of a sampling, did you? And the taxpayers are paying for it?

Mr. ROSCH. We wanted a completed profile. We thought we could have a complete survey of one locale.

AVERAGE FUNERAL COST

Mr. STUCKEY. One of the things that bother me is how the public is getting ripped off by not having proper disclosure and adequate information or itemization or a lump sum—I don't know what an average price funeral would be. Is there any such creature around? What is the average cost of the funeral?

I am asking for an average.

Mr. DIGGS. Approximately \$1,100 as the report says.

Mr. STUCKEY. \$1,100.

Mr. ROSCH. In the District.

Mr. STUCKEY. Let's take \$1,100.

Mr. ROSCH. That excludes burial now.

Mr. STUCKEY. That is added on.

Mr. ROSCH. That is for the funeral alone.

Mr. STUCKEY. That is the casket and services.

Mr. ROSCH. Yes.

Mr. STUCKEY. Okay. Let's say that the funeral home goes out and they buy the casket. Now, they would only show the retail price on a bill, right?

Mr. ROSCH. Yes.

Mr. STUCKEY. Do you have any idea what the markup is on the casket? That is I am speaking of \$1,100 funeral now.

Mr. ROSCH. The least expensive is \$60 wholesale.

Mr. STUCKEY. In a \$1,100 funeral?

(Laughter.)

Mr. ROSCH. I am sorry.

Mr. STUCKEY. What are you doing in Congress, Mr. Diggs? I thought the candy business was better, but you have got me beat.

Mr. ROSCH. All right. I think I have it now.

The least expensive casket you are talking about is approximately \$60 wholesale price. That is sold in a funeral for around \$500.

Mr. STUCKEY. I thought the candy business was good, I think I have been in the wrong business.

Mr. ROSCH. That doesn't necessarily tell you what the casket will sell for at the retail price. That \$500 figure is for the funeral package of which this would be one part.

Mr. STUCKEY. So out of the \$1,100, what would be the average wholesale cost of that casket? We are speaking of the average \$1,100 funeral. What would the average wholesale cost of the casket be?

Mr. ROSCH. In the \$150 to \$200 range. That is the retail price.

Mr. STUCKEY. Out of \$1,100?

Mr. ROSCH. But again, the \$1,100 represents the entire package.

Mr. STUCKEY. When you speak of the entire package, you said this was not for burial and all that. This was the casket and services earlier?

Mr. ROSCH. Right.

Mr. STUCKEY. So he is only paying \$200 for the caskets, so he must be getting \$900 for services.

Mr. ROSCH. And recovery of overhead.

Mr. STUCKEY. Yes.

Mr. ROSCH. And facilities.

Mr. STUCKEY. It comes out pretty good. That doesn't include anything else.

Mr. ROSCH. Well, as I said, it included the entire package, embalming and so forth.

Mr. STUCKEY. That still would be services.

Mr. ROSCH. That is right; that is right.

Mr. DIGGS. If the gentleman would yield, I think we should realize the national overhead for the funeral in the funeral business in 1972 was a little over \$800. I have not seen the figures for 1973.

Mr. STUCKEY. Per funeral?

Mr. DIGGS. Per funeral. That is for use of facilities, professional services. All that goes in.

Mr. STUCKEY. Embalming, the use of the funeral home.

Mr. ROSCH. The whole range of services.

Mr. STUCKEY. So, really, out of \$1,100, you have about \$100 profit?

Mr. ROSCH. You are talking around that area. That is correct.

Mr. STUCKEY. I think I will stick with the candy business.

The only thing, Mr. Chairman, people can't stop eating candy.

Mr. ROSCH. I don't think that it could be concluded, at least at this point, that everybody is making a killing in these services.

Mr. DIGGS. That is a poor choice of words.

Mr. ROSCH. I am sorry, leave that part out.

Mr. STUCKEY. That would be debatable if you choose those words, but if you struck out the word, it would come out pretty good.

Mr. ROSCH, thank you very much. I think we might have some questions from the staff at this point.

Mr. FREEMAN. Mr. Rosch, we are talking about consumer protection in general. Now, the argument has been made, that the price of the funerals is going to be raised by the itemization. I would request at this time that the experience as far as it is relevant in other States in which you do have itemization figures available be submitted to the committee. If you could give those to the committee so we can see before and after what it has been.

Mr. ROSCH. Insofar that we have that information, we would make it available.

[Information above follows:]

THE EXPECTED IMPACT OF FRAGMENTED QUOTATION ON FUNERAL SERVICE PRICES, BY ALFRED RAPPAPORT, PH. D., PROFESSOR OF ACCOUNTING AND INFORMATION, SYSTEMS GRADUATE SCHOOL OF MANAGEMENT, NORTHWESTERN UNIVERSITY, FEBRUARY 5, 1974

FEBRUARY 5, 1974.

THE EXPECTED IMPACT OF FRAGMENTED QUOTATION ON FUNERAL SERVICE PRICES

The question to be considered in this paper is—

If the fragmented quotation evolved as the standard practice in the funeral service field, what impact would this have on funeral prices and, in particular, on the availability of lower-priced funeral services?

PRICING VS. QUOTATION

Debates concerning funeral service pricing are difficult to evaluate because the important distinction between "pricing" and "quotation" is not generally recognized. Very simply, pricing refers to the means or method by which price is established, while quotation refers to the method used to communicate price to the consumer.

There are two basic approaches to pricing in the funeral service field and two basic approaches to quotation. One approach to pricing stipulates that *each* funeral must pay for all out-of-pocket expenses, a constant dollar share of the fixed expenses, and contribute a stipulated share to the profit of the business. The "average overhead per funeral" method is the prime example of this pricing approach.

A second basic approach to pricing also requires the recovery of all legitimate expenses and the making of a reasonable profit; however, these requirements are imposed at the *total firm level and not at the level of each funeral*. Here the funeral director develops a pricing structure with which he expects to generate total revenues sufficient to cover all costs plus a budgeted profit, but without imposing a uniform cost recovery and profit contribution amount for each funeral, or fragment thereof, which is offered. "Graduated recovery" pricing serves as an example of this second basic approach to pricing.

The two basic approaches to quotation of funeral prices are the unit and fragmented approaches. Again, there is an important distinction between these approaches which is not generally recognized.

With unit quotation, a single fee is quoted which includes the usual and customary essentials of the funeral, including a casket.

Fragmented quotation has many names and many applications. It is variously known as functional, professional, bi-unit, tri-unit, multi-unit, semi-itemized, itemized, among others. The only thing these diversely titled variations have in common is that the casket is priced separately from the other components of the basic funeral.

Among the small number of jurisdictions that require fragmented quotations, the specific regulatory requirements vary considerably, some requiring a specified number of separate prices, while others require only that the casket be priced separately with all other components priced in a single lump sum. Therefore, it is important to note that "fragmented quotation" is far from being a precisely descriptive term.

Based on the discussion in this section, there exist four pricing-quotation combinations:

Pricing Approaches

		Average Overhead	Graduated Recovery
Quotation Approaches	Unit		
	Fragmented		

Figure 1

The standard service concept

It is not in dispute, of course, that the consumer should receive complete and clear disclosure of the *total* price to be paid for the specified goods and services. The term "standard funeral service" comprises a recognizable composite which encompasses only those items almost invariably desired, based upon each community's historically established preferences. Because the vast majority of funerals involve local death and local interment or other disposition of the body, the standard service consists of those things customarily expected under these local conditions. Variances, such as death and disposition at different locations, are dealt with by adjustments to fit the conditions at hand.

Recognizing that components of the standard service must necessarily depend on the specific community served, the standard service usually consists of professional and staff services, care and custody of the body, use of funeral home and specified automotive equipment (*i.e.*, funeral coach and possibly one or two automobiles, according to local preference), acknowledgment stationery, and a casket. Items such as vaults, clothing, additional automobiles, floral arrangements, cemetery charges, and the like are customarily optional and accordingly are separately itemized.

For purposes of this memorandum only, I shall assume, although I do not have personal knowledge of any such practice, that there may be some funeral directors who, using either unit or functional quotation, include items not deemed essential by a significant segment of the community. If this is done, it should be noted that the inclusion of non-essentials is possible with either type of quotation. I shall recognize the possibility of such a practice by referring to it as "not essential," to distinguish it from the normal practice of including only the established essentials in the offered price. Consequently, we now have six pricing-quotation combinations:

Pricing Approaches

<u>Quotation Approaches</u>	<u>Average Overhead</u>		<u>Graduated Recovery</u>	
	Unit - essential		1-1	
	Fragmented - essential		2-1	
	Unit (a) or fragmented (b) - not essential		3-1	
			1-2	
			2-2	
			3-2	

Figure 2

Effect of quotation methods on lower-priced funerals

We begin with the consideration of the fragmented quotation approach. As far as I know, firms which employ fragmented quotation invariably charge a uniform price for each fragment or combination thereof. Roger D. Blackwell, describing a fragmented approach which he calls "professional pricing," offers the following observation:

"Regardless of what casket the consumer selects, however, the fee for professional services and facilities remains the same, at some predetermined and profitable level."¹

It is important to recognize that, if there exists a uniform price for each functional component, then regardless of how the price is communicated to the consumer it is indeed an average overhead per funeral pricing method that is being used. In terms of the six pricing-quotation combinations presented in Figure 2, the so-called "fragmented pricers" in the funeral service field today are properly classified as either combination 2-1 or 3-1.

¹ Roger D. Blackwell, "Professional Pricing by Funeral Firms," *Commercial Law and Practice, Course Handbook Series Number 51*, New York: Practising Law Institute, p. 214.

I will now proceed to compare the expected impact on lower-priced funerals if the field were dominated by either the 2-1 or the 3-1 practice versus the remaining combinations. First, let us look at column 1 (average overhead pricing method) which contains not only combinations 2-1 and 3-1 but 1-1 as well, unit-essential.

Notice that, under the average overhead per funeral pricing method, low cost funerals tend to be eliminated because *each* funeral, fragment, or combination of fragments is required to absorb a uniform amount sufficient to account for the firm's total cost and budgeted profit. This method of price construction appears to overlook the needs of consumers with less than average means.

If an average overhead pricing method is used, does it matter what quotation approach is employed? I reach the following conclusions:

1. If unit quotation is based on average overhead price construction and the firm's offerings consist of only essential components (*i.e.*, combination 1-1), then a change to fragmented quotation will neither increase nor decrease the availability of lower priced funerals to the consumer. The effect would be identical to the results of employing combination 2-1.

Discussion.—Since in these approaches the consumer pays only for items he desires and the pricing approach (*i.e.*, average overhead) has already been decided upon, the total price would be identical in either case. Under the conditions specified, fragmentation is no more useful here than it would be to a new car buyer who is given a dollar breakdown of the essentials, such as chassis, engine, wheels, etc., as distinguished from extras. (This does not suggest that optional items connected with funerals, as previously mentioned, or the so-called "optional extras" for automobiles, such as air conditioning or power windows, are properly included in the standard price for either product.)

2. If fragmented quotation including only essential items and based on average overhead price construction is used, lower cost funerals would be eliminated. The effect would be identical to the results of employing combination 1-1, as discussed in the preceding paragraph and elsewhere in this memorandum.

3. If either unit or fragmented quotation, including nonessentials and based on average overhead price construction (combinations 3(a)-1 or 3(b)-1), is used, lower-priced funerals will be eliminated for the reasons already discussed. The consumer disadvantage, moreover, would be increased due to the inclusion of nonessentials.

Consider now the relative availability of lower-priced funerals when graduated recovery price construction is employed. I reach the following conclusions:

4. If unit quotation is used, based on graduated recovery pricing, and the standard service unit consists only of essential components (combination 1-2), then a change to fragmented quotation-average overhead pricing can be expected to lead to a decreased in the availability of low-cost funerals.

Discussion.—Because graduated recovery pricing focuses on the overall profitability of the firm and is not constrained by the notion that *each* funeral must return all expenses contained in an average, plus profit, it permits a funeral director to budget a total firm profit while also taking into account the need to make available low-priced funerals. Average overhead pricing methods essentially foreclose the possibility of offering lower-priced funerals. Average overhead pricing relies on an average of the fixed and common expenses which dominate funeral service costs, and which cannot satisfactorily be traced to *each specific funeral*. It then accepts this average as the "true" cost of each and every funeral, a notion which cannot be supported by sound economic or accounting reasoning.

We have now considered every pricing-quotation combination in Figure 2 except 2-2 and 3-2. The consumer disadvantages of 3-2 (fragmented quotation including non-essentials) are obvious and need no further discussion.

At first glance, some might assume combination 2-2 (fragmented quotation with graduated recovery pricing) to be the optimal choice. As a practical matter, however, this is not a viable combination, since it is unlikely that a funeral director operating under a mandatory fragmented quotation system would risk communicating explicitly that he is charging varying prices for identical fragment offerings,² particularly because there is no cost justification for this practice. Insofar as this is true, once again the practice is likely to converge toward an average overhead per funeral pricing method and a corresponding decrease in the availability of lower-priced funeral services.

² "Offerings" must be distinguished from "actual services performed." The nature and extent of each of the items and services used in the standard funeral service may vary from family to family.

A further general comment seems necessary in view of the erroneous impression held by some that fragmentation necessarily results in lower-priced funerals. In my opinion, this is a fallacy. Assuming that the components are those deemed essential, then any dollar reduction by eliminations will result in a lower expenditure but at the same time such reductions can also result in lower-income persons being forced, for reasons of price, to be deprived of items they would otherwise deem essential and thus be required to accept something less than the funeral they would have desired.

Of course, if the decision to eliminate is the consumer's free choice, if it is his opinion that items the community normally expects are neither useful nor desirable to him, then such items should be eliminated and appropriate price adjustment made. Such persons should not be required to conform to community preferences any more than low income purchasers should be forced to accommodate to average expense patterns.

Furthermore, the funeral director who quotes these universally desired elements, including casket, as a unit, and is not constrained by the necessity of assigning a uniform price to each fragment, can make all the desirable components of a funeral available within a price range wide enough to meet the needs of the total community, thus making price reduction by elimination unnecessary.

Summary and concluding comments

The general answer to the question posed at the outset is that fragmented quotation may lead to a decrease in the availability of lower-priced funerals. In brief, simply fractionalizing price is of little value to the consumer and has a potential of being detrimental. In my judgment, responsible funeral directors and public policy officials should continue the development and implementation of full disclosure guidelines for the essential components of standard funeral services rather than experiment with quotation alternatives which promise more costs than benefits to the consumer. The important consideration is how the price is arrived at, not how it is communicated, providing the communication is clear and complete and does not result in artificially increasing the price.³

ALFRED RAPPAPORT.

Mr. FREEMAN. It's my understanding that the Commission staff is not convinced that the price floor will be raised; is that correct?

Mr. ROSCH. Let me put it this way—there is certainly no reason why it need be raised. As I said, the same system can be raised now by raising the system of caskets to recover increasing amounts of overhead.

Mr. FREEMAN. I have one other question. Your amendment number two, which requires an automatic reduction by the itemized cost, there have been some statements made that there are antitrust problems with that. Does that strike you as having any antitrust problems?

Mr. ROSCH. Before I came to the FTC, I was with the Antitrust Division, and I have tried to stay pretty much in touch with it.

Mr. FREEMAN. I am not questioning your qualifications, Mr. Rosch, at all.

Mr. ROSCH. I don't see any at all. Quite frankly, none whatsoever.

Mr. DIGGS. (Presiding) Mr. Hogan.

Mr. HOGAN. You indicated, Mr. Rosch, there was no competition in the industry to speak of; is that correct generally?

Mr. ROSCH. Price competition.

Mr. HOGAN. Yes.

Mr. ROSCH. I think that is correct.

³ Associations in the field, such as National Selected Morticians and National Funeral Directors Association, have adopted published procedures calling for conspicuous disclosure of the price of the funeral, together with full disclosure of the components thereof.

INDIGENT BURIALS

Mr. HOGAN. What is the procedure for indigent burials in the District? Are they not under a contract competitively bid or is that under a negotiated contract?

Mr. ROSCH. I have to back up. It is a competitive bid.

Mr. HOGAN. Did you investigate that in the District of Columbia at all?

Mr. ROSCH. We were aware of that. Those particular burials were not included in our survey results.

Mr. HOGAN. I assume there are different kinds of competitive bids for indigents, those that are under the jurisdiction of each department. It is not one contract, I assume. I assume there is one contract for the Department of Human Resources, the individuals they are responsible for, the contract for the Department of Corrections for the people they are responsible for and so on.

Mr. ROSCH. Quite frankly, I am not certain what the situation is in that respect.

Mr. HOGAN. You didn't investigate or inquire into that aspect of the pricing for the District of Columbia as it relates to this?

Mr. ROSCH. I don't believe so.

SOCIAL SECURITY ALLOWANCE

Mr. HOGAN. Now, there is, as I understand it, a \$255 burial fee which the Social Security Administration pays to cover funeral expenses. As part of your examination of funerals in the District of Columbia, and part of your overall investigation, have you looked into the legislative background of the \$255 payment to determine how it was arrived at. Does it cover one third, one half or one fourth of the burial cost? On what basis did the Congress arrive at \$255 figure?

Mr. ROSCH. I don't know the answer to that. Our investigation certainly indicates it doesn't cover the entire funeral cost in most cases, but I don't know the answer.

Mr. HOGAN. What is the basis, or what was the basis for arriving at this figure, do you know?

Mr. ROSCH. No, I don't.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. DIGGS. I would thank the witnesses for their testimony.

Mr. ROSCH. Thank you.

[The full statement of Mr. Rosch follows:]

STATEMENT OF J. THOMAS ROSCH, DIRECTOR, BUREAU OF CONSUMER PROTECTION, FEDERAL TRADE COMMISSION

STATEMENT ON H.R. 13492 AND H.R. 13969

Mr. Chairman, and members of the Committee, I would like to thank you for this opportunity to present the views of the staff of the Bureau of Consumer Protection of the Federal Trade Commission on H.R. 13492 and H.R. 13969. I wish to state at the outset that I am speaking for the staff and not for the Commission itself.

As you know, the staff of the Federal Trade Commission is currently conducting a broad-ranging investigation of funeral industry practices. The basic purpose of this investigation, which extends across the nation, is to identify unfair or deceptive funeral practices or unfair methods of competition which contravene the laws enforced by the Commission, and to formulate recommendations for correcting the problems encountered.

In addition to the general knowledge gained through numerous interviews, analysis of complaints, and other work in connection with the industry-wide investigation, the staff has collected valuable information on the District of Columbia in particular. This was accomplished during the course of an experimental survey of funeral prices in the District conducted between October, 1973 and February, 1974.

The survey was initiated to collect information on funeral prices, pricing policies, and related matters for the Commission and for the public. The purposes of the survey and the premises upon which it was based were spelled out in the Commission's resolution of October 4, 1973, authorizing the survey. The survey results are described in detail in the report of the staff's findings and analysis, which was publicly released on February 28, 1974. I am submitting a copy of the report, which includes the Commission's October 4th resolution, and with your permission I request that it be included in the record of these proceedings.

H.R. 13492

With this background, I turn first to an analysis of H.R. 13492. This bill would require funeral directors in the District of Columbia to provide their customers with a statement specifying the various items included in the funeral service and their respective costs. These disclosures would have to be provided at the time arrangements are made and before the customer pays for the funeral.

PRECEDENT—STATE LAWS

The bill is the latest example of a trend toward requiring itemized funeral statements which we have seen in state legislatures around the country. At least seven states now require itemization of funeral costs in one form or another: California, Colorado, Florida, Minnesota, New Jersey, New York and Pennsylvania. The itemization laws in these states differ in many respects—such as the degree of detail, whether the law is a statute or a board regulation, enforcement method, and so on—but they all share the common objective of breaking down the funeral bill into its component costs.

In his announcement of today's hearings, Chairman Diggs indicated that H.R. 13492 is intended to address two problems affecting consumers who must make funeral arrangements. The first is the danger that a consumer unfamiliar with the various funeral-related expenses will be quoted a funeral price which he thinks is all-inclusive, only to learn afterwards that he has incurred substantial additional charges. The second is the apparent unwillingness of some funeral directors to reduce their funeral charges when a consumer desires something less than the full complement of goods, services, and facilities which the funeral director includes in his "complete" funeral service package.

SUPPORT OF LEGISLATION

The Commission staff supports the legislative goal of remedying these two consumer problems. Moreover, the Commission staff supports the concept of itemization laws as a response to these problems. Breaking down funeral charges informs consumers of what they are getting for their money and facilitates the cost-value comparisons which are an integral part of rational marketplace purchase decisions. At the same time, an itemization law can clarify the consumer's right to decline certain of the enumerated components and their proportionate share of the total funeral charges.

The staff considers the results of the Commission's funeral price survey to demonstrate the need for legislative action with respect to the first of the aims outlined by Chairman Diggs—elimination of possible consumer confusion about what is or is not included in the funeral price. The survey was not directly suited to determining how frequently consumers making funeral arrangements misunderstand or are misled about what is included in the originally quoted price, only to be shocked later when presented with bills for additional charges. However, the survey did ask whether at the time arrangements are made the consumer

is given a written description of the goods and services he is to receive. While 40 mortuaries reportedly furnished some such statement (but not necessarily with itemized prices), 14 respondents said that they do not and a fifteenth does so only if requested. Therefore, leaving aside the adequacy of the written statements which are presented, consumers at 15 Washington mortuaries ordinarily receive no written confirmation of what goods and services they are buying, and at what price, prior to the provision of those services. To avert otherwise almost inevitable misconceptions, we agree with the policy expressed in H.R. 13492 that the buyer should receive a written statement detailing the charges at the time funeral arrangements are concluded.

The Commission's funeral survey also found a serious problem in the District with respect to the second issue which concerns Chairman Diggs, the tying together of funeral components. As an introduction to these findings, I will describe the various methods of funeral price quotation.

METHOD OF PRICE QUOTATIONS

While the survey found that Washington morticians generally agree on the assortment of goods and services which comprise a so-called "complete" funeral, there are a number of possible ways to present the price of this "complete" service to the consumer. One method is to express the funeral price as a single figure which incorporates all of the items included. This quotation method is often called "single-unit" pricing, although it might be referred to colloquially as "lump sum" or "package" pricing. Other methods break down the cost of a "complete" funeral into two or more component prices. Any quotation method which does this may be called "functional pricing", the simplest form of which is so-called "bi-unit" pricing, whereby the price of the "complete" funeral is expressed as the sum of two separate prices, one for the casket and the second for all other elements of the funeral. It is equally possible to follow the tri-unit method—most often, separate prices for casket, professional services, and facilities—or a four-unit pattern—individual prices for casket, services, facilities, and livery. The funeral director may, in fact, separate the total funeral cost into as many discrete kinds of service, facilities, or merchandise as he cares to describe.

The results of the Commission's pilot survey shed some light on the question of what quotation methods are used in the District of Columbia. Forty funeral homes submitted sample invoices which were sufficiently filled in to reveal their pricing formats. Seventeen of these mortuaries follow a single-unit policy, quoting only the total price for the "complete" funeral. Another six funeral homes use the bi-unit method. The remaining 17 use some more detailed form of itemization—tri-unit, quadri-unit, or some lengthier enumeration. Two mortuaries among the latter 17 use single-unit pricing for their lowest priced services and shift into functional pricing only above the minimal funeral categories.

PACKAGE DEAL

Having presented this breakdown of the methods of price quotation used by District of Columbia mortuaries, I must emphasize that there is no necessary connection between the quotation method used and the tying together of goods, services, and facilities. Insofar as one aim of this legislation is to enable funeral consumers to accept and pay for only the services and facilities they want, it does not follow that the single-unit pricer is the sole focus of the bill. One reason is that even itemized pricing methods may not list those funeral elements which a consumer is likely to want to decline. If the breakdown presented is, say, casket, embalming, and professional services, a consumer who does not want to use the viewing room or the chapel would not know whether he can decline these items and if so, with what reductions in the funeral bill. The bi-unit method especially lends itself to perpetuation of the same tied-up "package deal" as the single-unit system. All facilities and *all* services—everything except the casket—are still priced at a lump sum under bi-unit.

DECLINED SERVICES

The second reason why a detailed quotation method does not necessarily lead to free consumer choice is that some mortuaries may quote a separate price for an item, yet refuse to subtract that amount from the total price when the item is unwanted. For example, a funeral director may list a price of \$100 for embalming but still charge for it even if it is unwanted. This was borne out in our D.C. survey, which found that four of the 11 respondents who said that they would make

no price reductions for declined services on their three lowest-priced "complete" funerals nevertheless use a tri-unit or even more detailed itemization. This finding points up a potential circumvention of H.R. 13492 as it is presently drafted—namely, that itemization alone may not suffice in every instance to break up the funeral tie-in. As I will discuss later, we are proposing amendatory language to cure this problem.

DISCOUNTS

The third reason why the absence of itemization is not synonymous with the presence of the tie-in is that, as the FTC survey showed, some morticians who quote a single-unit price are quite accommodating about granting allowances to families who want less than the full package of services. That is, while the starting point is a lump sum figure, whenever a consumer asks for an adjustment to take account of unused services, the mortician will oblige. On the other hand, this is less than ideal, since it places on the bereaved buyer the burden of asking for a discount, and depends on his knowing enough about funerals to choose to dispense with certain items. Also, of course, the size of the allowance is almost entirely within the mortician's control, although established prices for each mortuary's discounts were reported to the Commission and published in the staff report of survey results.

For all of these reasons, then, the seriousness of the tie-in problem is more precisely gauged by determining what discounts are actually offered, rather than by analyzing the different quotation methods used locally. The Commission's pilot survey attempted to appraise the discount situation by asking specifically what price reductions are allowed for non-use of four significant and separable items—embalming, use of facilities for viewing, use of mortuary chapel for funeral service, and limousine. In addition, the survey asked what other components of the "complete" funeral are declinable, and at what price reduction. As noted, 11 of the 55 respondents reported that they allow no discounts at all for unwanted services on their three least expensive funerals. Nor were the other 44 uniformly liberal in their discount policies. Only 27 of 55 reported giving a discount whenever embalming was not used. Twenty-two, or 40%, always charged for embalming even if it was not wanted. Five others reportedly gave discounts for non-use of embalming on some of their least expensive services, but not on others, and one mortician did not include embalming in his "complete" funeral.

VIEWING

The scarcity of discounts for non-use of viewing is even more striking. Only 15 Washington funeral homes will always give a discount when the buyer of one of their least costly funerals decides to forgo viewing. Five will give such a discount under some circumstances. Thirty-five charge the same whether or not viewing takes place.

CHAPEL SERVICES

Similarly, when there is no funeral service in the mortuary chapel, 17 will adjust the price of any of their least-expensive services. Four will sometimes grant a price reduction. But 34 charge the same regardless of whether the chapel is used. As for a limousine, 29 will subtract its cost if it is not used, whereas 14 will not. Twelve never supply a limousine as part of a "complete" funeral, and therefore presumably charge for one only if it is ordered.

Relatively few mortuaries said that they always permit discounts on all four elements specifically mentioned in the survey. Only seven definitely do so, although three more reported discounts on everything except a non-included limousine which is presumably optional. In other words, at most, ten mortuaries out of 55 do what H.R. 13492 is intended to require them all to do. Moreover, some of these ten can not be said to publicize their willingness to adjust their prices, since their quotation methods mask the optional nature of some items. Only one mortuary of the 55 reported that every component of its "complete" service is separately priced and individually declinable, including even the casket.

AMENDMENTS PROPOSED

The record of Washington mortuaries in the matter of discounts suggests one necessary feature of an effective itemization law: *the itemized categories required by law must include those services and facilities which some consumers are likely to refuse.* On the other hand, common sense dictates that any itemization not include more detail than a bereaved buyer is likely to be able to assimilate. Moreover,

there are other objections to an overelaborate itemization. First, too many items may lead to increased funeral prices. This could occur if morticians, seizing an opportunity to rationalize overpricing, construct a lengthy and self-laudatory list of services, each with its own charge.¹ Second, when the list becomes too long, there can be duplications and overlaps, with the practical result that consumers pay twice for the same services in different guises.

H.R. 13492 does not prescribe the categories for which separate prices must be quoted. Therefore, the practical result of its enactment might be too few categories or, more likely too many. The desirable middle ground is difficult to find and, as the bill is now worded, there is nothing to ensure uniformity of itemization or the optimal number of categories. Under the circumstances, the Commission staff respectfully suggests that Congress define and delimit the categories for the required itemization.

Attached to this statement is draft language embodying three changes we recommend in H.R. 13492, and what follows is our analysis of these proposed amendments.

AMENDMENT ONE—TEN CATEGORIES SUGGESTED

The first change we suggest would enumerate ten specific categories into which funeral charges are to be itemized. Charges in certain categories, such as transportation charges and cash advances and expenditures, would be further itemized to give the consumer an accurate picture of the expenses.

Breaking down the funeral bill into these ten categories gives consumers sufficient detail to understand what they are paying for and might care to decline, while avoiding excessive itemization and its attendant risks. These ten categories identify the basic funeral components and require separate listings for all merchandise items, such as caskets, burial vaults, and the like. The proposed amendment differs in only one substantive respect from the recently enacted Minnesota statute on which it is based.²

The Minnesota itemization law has a category for the burial vault, in addition to one for "other funeral service merchandise." A burial vault is, of course, one kind of funeral merchandise, usually the most expensive after the casket. Therefore, if a vault were purchased, it would have to be itemized, anyway, under the merchandise category. We believe that a separate category for a burial vault is undesirable because it might foster the mistaken impression that vaults are in some way required. We know from our investigation that many consumers now buy burial vaults because of this misconception. A law aimed at giving funeral buyers more information and more choices should not operate to reinforce erroneous beliefs as to the legal or other necessity for vaults.

AMENDMENT TWO—DECLINATION OF SERVICES

A second change would strengthen the itemization law by explicitly recognizing the right of the person making funeral arrangements to decline unwanted services and have the funeral charges reduced commensurately. Without such a provision, an itemization requirement is rather hollow, for it gives the consumer information about the costs of different components of a funeral without the ability to act on the basis of that information and exercise choices. Simply requiring funeral directors to break down their charges would not necessarily rectify the unfairness of consumers paying hundreds of dollars for services they neither want nor use.

AMENDMENT THREE—CASH ADVANCES

The purpose of the third amendment is to insure that the charges listed as cash advances or expenditures represent the actual amounts expended by the funeral director. From our investigative work, we believe that some funeral directors make a practice of recouping more from the consumer for "accommodation" or cash advance items than they actually pay out. We strongly believe that this practice is both deceptive and unfair and should be explicitly prohibited.

¹ For example, a funeral service trade publication recently recommended an itemization list, consisting of 45 separate prices, as a way to "upgrade" minimal funerals and improve a funeral firm's "profit potential." PROGRESSIVE MORTUARY METHODS 13-14 (undated, on file with FTC staff). A similar indication of the possibilities for "padding" the funeral price is a list of 99 entries, constructed to indicate a possible response to a law requiring full specification of charges. SUBCOM. ON ANTITRUST AND MONOPOLY OF SENATE COMM. ON THE JUDICIARY, 89TH CONG., 2D SESS., VIEWS ON ANTITRUST ASPECTS OF THE FUNERAL INDUSTRY, Additional Views of Senators Dirksen and Hruska 66-68 (Comm. Print 1967).

² MINN. STAT. § 149.09 (1971).

To be sure, a funeral director is entitled to fair compensation for his time and trouble when he makes arrangements for obituary notices, flowers, limousines, and the like. The problem is that making these arrangements represents a large part of the funeral director's "professional services", for which he is separately compensated. If a funeral director did not charge for his professional services, it might be reasonable for him to obtain compensation for his efforts to arrange for obituary notices and so on by a mark-up on the amount paid out to the newspaper, livery service, or whatever. Still, when a consumer sees a listing for cash advances, he believes that the funeral director is collecting reimbursement for his out-of-pocket expenses, and not extra profits.

When the funeral director who is receiving a substantial fee for his professional services inflates the amount of cash advances, the practice is not only deceptive but also a double charge, since the funeral director is already compensated for his services in his professional services fee.

UNIFORM PRICING TO ALL CUSTOMERS

In addition to offering these specific amendments, I want to highlight several related problem areas which merit consideration in the context of the present legislation. First, there is a potential problem of *ad hoc* price discrimination even after enactment of itemization. The Commission's survey found that seven Washington mortuaries have variable pricing policies, which theoretically permit a mortician to charge each customer according to his perceived financial standing. Nothing in H.R. 13492 would preclude this. The itemized price of, say, professional services might be at a substantially higher figure for one consumer than for another, even though the services do not vary.

One solution to this problem is a requirement that the mortuary either post the itemized prices of all service offerings or show the prospective buyer a printed price list.³ While the posted prices might be reduced in hardship cases, they could not be exceeded. The Commission staff invites the Committee's consideration of such a requirement for District of Columbia funeral homes.

CASKET PRICES TO BE SHOWN

Very closely related to this is the requirement of some states that each casket offered for sale bear a card showing the casket price. Since 35 of the 36 Washington mortuaries which have casket selection rooms already do this, the variably priced casket is not a problem in this regard. However, 19 mortuaries lack selection rooms, and, of these, 14 have no display of prices. Their clients are usually escorted to the sales floor of a casket wholesaler to choose from among caskets with no price tags on them. It would be impractical to require the wholesaler to display casket prices, because different funeral directors charge different retail prices for the same casket. But a statutory provision requiring funeral directors to display casket prices in some form, even when the caskets themselves are not on display in the mortuary, would remove the opportunity for case-by-case price manipulation. For morticians with selection rooms, the casket price cards would suffice. For the others, casket prices would have to be written on casket photographs. These photographs are already part of the mortician's stock-in-trade. It is the price on the photo which is sometimes missing.

CREMATION

Next, there is another tie-in problem, the requirement of a casket for cremation. One Washington mortuary imposes such a requirement as a matter of company policy. Four others erroneously stated to the Commission that crematory rules require that bodies be delivered in caskets. Another mortuary simply indicated that a casket was a requisite, without identifying the source of the requirement.

There are two problems here. The first is the substantive requirement of a casket. We are aware of no reason why any mortuary or crematory should be permitted to impose such a requirement. The legitimate interests of the crematory seem to us to require, at most, that corpses be delivered in some sort of container, but not necessarily a casket. Thus, the Commission's staff recommends that both crematories and funeral directors be prohibited from requiring a casket in cremation cases.

³ See, e.g., CAL. BUS. & PROF. CODE § 7680.

The second ill associated with cremation caskets is misstatement of their necessity, whether done intentionally or innocently. To solve that problem, the Commission staff would require affirmative disclosure, written conspicuously on the arrangements statement, that a cremation casket is not required by either mortuary policy, crematory rule, or law.

H.R. 13969

The Commission staff believes that H.R. 13969 falls short of providing essential protections. Specifically, although H.R. 13969 does address the problem of the lack of a written statement at the time funeral arrangements are made, it does nothing to combat the more pressing tie-in problem, which arises from morticians' refusal to allow discounts for unwanted services.

Although it appears on its face to prescribe a form of itemization, the effect of H.R. 13969 may be to mandate (at least as a minimal requirement) the same kind of single unit, package funeral price which is productive of the greatest problems as a tie-in. Subsection (1) of Section 1 requires only that a single price be quoted for the "complete" standard funeral, which includes such separable items as casket, embalming, professional services, use of facilities for viewing and for funeral services, and so on. While requiring that these components be separately listed, the bill does not require that a separate price be assigned for each, nor that each be individually declinable.

Subsections (2) and (3) of Section 1 do, it is true, require a price itemization of "supplemental" items of service or merchandise and of cash advance items. However, this represents no departure from existing practice, since virtually all mortuaries customarily and traditionally provide a separate accounting both of "extra" selections (*w.g.*, burial garments, vault) and of cash advances (*e.g.*, clergyman's horarium, cemetery charges). Moreover, nothing in our investigation suggests that the typing together of cash advance or supplemental items in a single funeral price is a problem, in sharp contrast to the numerous indications that discounts are refused when components of the core of standard services are declined.

In a word, the staff is concerned that H.R. 13969 would simply codify the package pricing method which lends itself most readily to tie-in abuses. For that reason the Commission staff cannot support the bill.

CONCLUSION

Mr. Chairman, as I have indicated, the Commission staff strongly supports H.R. 13492, with the amendments we have proposed, as a significant step toward improving funeral practices in the District of Columbia. I must emphasize, however, that H.R. 13492, like other itemization laws, is only a first step in funeral reform.

PRICE COMPETITION

An overriding problem in the industry is the absence of price competition. When the dynamic of competition is inoperative, the result is overcapacity, preserved inefficiency, and high prices.

One of the factors contributing to the lack of price competition is the fact that consumers do not have enough information about practices, procedures, costs, or alternatives. The FTC survey of funeral prices in D.C. was, like H.R. 13492, only a beginning effort, which we hope will start the flow of information on funeral prices. Much more needs to be done in the way of consumer education to equip consumers with the information they need to make funeral arrangements intelligently.

LICENSING BOARDS

Another badly needed reform in the funeral service industry is to make funeral licensing boards more responsive to consumer needs. In the District of Columbia, as in most jurisdictions, the board charged with regulating the practices of funeral directors is composed exclusively of funeral directors (with the exception locally of a representative of the Office of Vital Statistics). However effective such boards may be in performing testing and licensing functions and rooting out instances of unauthorized practice of funeral directing, it is clear that they cannot and do not serve a consumer protection function with regard to the commercial practices of undertakers. Whatever need there is on such boards for undertaking expertise could adequately be served by having several licensed funeral directors as mem-

bers. Adding public members to such boards could make them regulatory in fact, not just in appearance, with a perspective that is not necessarily wedded to the views and the practices of fellow practitioners.

I make reference to problems which go beyond the scope of H.R. 13492 only to highlight the need for further regulatory efforts that will follow H.R. 13492 and ensure the fairness of funeral transactions in the District.

Thank you.

PROPOSED AMENDMENTS TO H.R. 13492

Amendment One

[to be inserted in section one of H.R. 13492 following the words "at the time such arrangements are . . ."] completed and prior to payment therefor, a written statement showing thereon the price of the funeral, with a separate listing of costs in the following categories: casket, use of facilities for funeral service, use of facilities for reviewal, specifically itemized transportation costs, other specifically itemized funeral service merchandise, embalming, other preparation of the body, other professional services, D.C. sales tax, and an itemized statement of all anticipated cash advances and expenditures.

Amendment Two

In addition to the itemization of costs, the written statement required by section one shall also contain a conspicuous statement that the person making funeral arrangements may decline any of the categories of service specified in section one, or any of the items therein, and the funeral bill will be reduced by the amount of the charges for the declined services.

Amendment Three

Any charges listed as cash advances or expenditures, on the written statement required by section one or on the final bill, may not exceed the amount actually expended by the funeral director for such items.

Mr. DIGGS. Our next witness will be William A. Robinson, Chief, Legislation and Opinions Division, Office of the Corporation Counsel, District of Columbia Government.

Mr. Robinson, you have a prepared statement.

**STATEMENT OF WILLIAM A. ROBINSON, CHIEF, LEGISLATION AND
OPINIONS DIVISION, OFFICE OF THE CORPORATION COUNSEL,
DISTRICT OF COLUMBIA GOVERNMENT**

Mr. ROBINSON. I have a prepared statement.

Mr. DIGGS. You may proceed.

Mr. ROBINSON. It is not too lengthy, and I will at this time paraphrase it.

Mr. Chairman and Members of the Committee: I am pleased to appear before the Committee this morning to testify on H.R. 13492 and H.R. 13969, substantially similar bills "To require licensed undertakers in the District of Columbia to furnish financial statements when funeral arrangements are made."

Section 1 of the bills would require that every person licensed as an undertaker in the District of Columbia, including a funeral director, mortician, embalmer, or other person performing services with respect to the care and preparation of dead bodies for burial or cremation, furnish to the person making funeral arrangements for the disposition of a body a written statement as to the price of the funeral. This statement would be furnished by the undertaker at the time the funeral arrangements are completed, but prior to payment therefor, and would contain an itemized list of the services and merchandise, and a statement of the cash advances and expenditures to be advanced to the undertaker.

DISTRICT'S RECOMMENDATIONS

The District Government supports the objectives of H.R. 13492 and H.R. 13969, and believes that either of the bills will provide a valuable and needed public service, as well as offer a solution to the problems highlighted by the recently released studies of the Federal Trade Commission, which you received this morning.

AMENDMENTS PROPOSED

However, the District Government suggests that the bills be amended to provide adequately for their administration and enforcement. As drafted, H.R. 13492 or H.R. 13969 would not permit effective administration and enforcement.

Accordingly, we recommend that these bills be offered as an amendment to Paragraph 44A of Section 7 of the Act approved July 1, 1902. In this manner, the District of Columbia Council would be able to adopt rules and regulations to carry out their requirements; and the Commissioner could provide for their administration and enforcement by a delegation of authority to the appropriate District agency. In addition, such an amendment would enable other pertinent provisions of the 1902 licensing law to be utilized in the furtherance of the bills' objectives, such as the power to modify licensing requirements, raise and lower the license fee, suspend and revoke licenses, provide for prosecution of violations of the law or of any regulations promulgated pursuant to the law, and impose the current penalty provisions. The penalties authorized by current law are greater than those permitted under Section 2 of the bills. Should our suggested amendment be acted upon by the Congress, Section 2 of the bills would not then be necessary.

For these reasons, Mr. Chairman, we recommend that this committee, in its consideration of H.R. 13492 and H.R. 13969, view favorably the amendments which we have proposed.

Thank you.

Mr. Diggs. Thank you, Mr. Robinson.

CITY COUNCIL AUTHORITY

Mr. Robinson, would the D.C. City Council either presently or after the Home Rule matter is finalized have the authority to enact the provisions of this legislation?

Mr. ROBINSON. After January 2, 1975, I think it is quite clear that the D.C. Council would have the authority to act on the bills concerning the profession. It is quite possible that under existing law, under the law which I refer to with respect to the licensing and regulating of the undertakers profession, that council might have authority under that law to provide what the bills would require. It has not been, of course, acted upon in that manner.

The Board of Funeral Directors presently regulates and licenses undertakers and performs no other function.

Mr. Diggs. So in other words, you think it is practical; you think the present City Council has the power to enact these protections. If any action is taken before next January in this regard, it would have to be taken by the Congress.

Mr. ROBINSON. I am inclined to agree with the Chairman because of the limited functions of the present board and the functions they have undertaken in the past.

Mr. DIGGS. The board does not have the authority to enact regulations that might attain the same objective?

Mr. ROBINSON. Only if it was deemed to have the power to enact regulations of this type, all regulations of this type. It's in fact regulating the undertaking industry.

LICENSING BOARD

Mr. DIGGS. The previous witness from FTC indicated there were a couple of areas where he thought further attention should be given that are beyond the scope of this bill. One of them is related to—related to this last question I raised, namely, the board itself, because it seems he is suggesting that a non-mortician be made part of the board. This is something which is beginning to emerge in certain jurisdictions. I know there is a bill pending in the State of Michigan to have a person, a non-licensee on the board. And this would increase the board by two. One of whom would be a non-licensee on the grounds that the credibility of the board in policing itself would be increased if there was someone on there who was not a member of the profession and presumed to represent the consuming public.

Would you care to react to that?

Mr. ROBINSON. I understand as the Chairman does.

Mr. DIGGS. It is comparable to the Law Revision Commission, for example, where we added a non-lawyer.

Mr. ROBINSON. And comparable to bills previously introduced in the Congress and considered by this committee with respect to the medical profession which would include non-physicians. I am quite certain with respect to the Board of Funeral Directors, there is no active change in the composition of the membership of that board, but I am inclined to believe and agree with the Chairman that in many instances of regulatory commissions, that it would—might be desirable to include laymen on those boards.

Mr. DIGGS. Mr. Gude.

Mr. GUDE. No questions.

Mr. DIGGS. Counsel.

Mr. HOGAN. Mr. Chairman, if I may ask some questions.

REGULATIONS

In reading the 1902 law, one thing that the Commissioner and Council can do is to issue rules and regulations, and to act on practices which are detrimental to the public health or safety. They can also promulgate from time to time such rules and regulations not inconsistent with this provision.

Have they issued any regulations in this section that hearings are being held on today? Could you introduce or send to the committee the regulations, if any, that exist governing the operations of morticians or undertakers?

Mr. ROBINSON. Those are available. As I have indicated, existing regulations are directly and primarily toward the licensing of funeral directors and the examination of funeral directors and undertakers

to determine whether they should be licensed as practitioners. The board has not yet acted on any regulations that would encompass or be contemplated by the bills. Although the board authority which existing law confers to the Board of Directors could possibly lead to examination of the trade practices and so forth.

Mr. DIGGS. But if I read this law correctly, there is authority in the Council and the Commissioner to issue regulations that go beyond licensing. I am not talking about the board. I am talking about the Commissioner and the Council itself. You don't believe they have authority in this area under existing law?

Mr. ROBINSON. I indicated that under that existing authority that it is quite possible that the Council, after a proper hearing, and the facts indicate, could look into the field to determine if additional regulations are necessary.

Mr. FREEMAN. I might interrupt here, Mr. Hogan. The Council's subcommittee is considering legislation in light of the Fireman's Insurance Case Authority.

Mr. ROBINSON. Not to this extent. The Council is considering a codification of existing regulations which as I have indicated go only to the examination and licensing of funeral directors and embalmers and morticians.

Mr. FREEMAN. Under the Firemen's Insurance Case, doesn't that include the authority for the kind of legislation the Chairman has in his bill?

Mr. ROBINSON. Possibly so, even under the existing law. I believe the Council could look into this field. I know of no present efforts however which—in which the council is undertaking any investigation that is similar to that of the Federal Trade Commission, which would lead to things outside of the actual examination and licensing of funeral directors.

Mr. HOGAN. How extensive are the regulations themselves? Is it a relatively short regulation?

Mr. ROBINSON. No, it's an extensive regulation going into all aspects of the examination and professional qualifications and so forth.

Mr. HOGAN. That is the only regulation you have?

Mr. ROBINSON. Governing undertakers, yes.

Mr. HOGAN. Thank you.

Mr. DIGGS. Thank you, Mr. Robinson.

[The report of the Mayor-Commissioner on H.R. 13492 will be inserted at this point. The report referred to follows:]

THE DISTRICT OF COLUMBIA,
Washington, D.C., April 23, 1974.

HON. CHARLES C. DIGGS, JR.,
Chairman, Committee on the District of Columbia,
U.S. House of Representatives, Washington, A.C.

Dear Mr. CHAIRMAN: The Government of the District of Columbia has for report H.R. 13492, a bill "To require licensed undertakers in the District of Columbia to furnish financial statements when funeral arrangements are made."

Section 1 of the bill would require that every person licensed as an undertaker in the District of Columbia, including a funeral director, mortician, embalmer, or other person performing services with respect to the care and preparation of dead human bodies for burial or cremation, furnish to the person making funeral arrangements for the disposition of a body a written statement as to the price of the funeral. This statement would be furnished by the undertaker at the time the funeral arrangements are completed, but prior to payment therefor, and would contain an itemized list of the services and merchandise to be furnished,

the cost of each such service or merchandise, and a statement of the cash advances and expenditures to be advanced to the undertaker.

Section 2 of H.R. 13492 provides a criminal penalty in the amount of \$300 for any violation of the bill's provisions, and authorizes the suspension or revocation of the license of an undertaker found in violation of such provisions. Section 3 provides an effective date for the bill ninety days after enactment.

The District Government is fully in accord with the objectives of H.R. 13492 and believes that its provisions would provide a valuable and needed public service, as well as offer a solution to the problems highlighted by the recently-released studies of the Federal Trade Commission.

As presently written, H.R. 13492 would not permit adequate administration and enforcement of its provisions, both of which are vitally necessary to its success. Accordingly, we recommend that the bill be offered as an amendment to paragraph 44A of section 7 of the Act approved July 1, 1902, as added by the Act of August 1, 1947. In this manner, the Council would be enabled to adopt rules and regulations to carry out its requirements, and the Commissioner could more effectively provide for its administration and enforcement by a delegation of authority to the appropriate District agency or agencies. Moreover, such an amendment would permit other pertinent provisions of the 1902 licensing law to be utilized in the furtherance of the bill's objectives, such as the power to modify licensing requirements and to raise and lower the license fee pursuant to section 47-2344, D.C. Code; to suspend and revoke licenses under the provisions of section 47-2345; to provide for prosecution of violations of the law or of regulations promulgated thereunder pursuant to section 47-2346 of the Code; and to impose the penalties authorized by section 47-2347. The penalties authorized by the latter section of the District of Columbia Code are, it is noted, greater than those permitted under section 2 of H.R. 13492. Should the amendment proposed herein be acted upon by the Congress, section 2 of the bill would not then be necessary.

For the foregoing reasons, the District Government recommends that the Committee, in its consideration of H.R. 13492, favorably consider the views expressed in this report.

Sincerely yours,

WALTER E. WASHINGTON,
Mayor-Commissioner.

The next witness will be Thomas H. Clark, Esquire, General Counsel, National Funeral Directors Association of the United States, Inc., and his colleagues.

Mr. Clark, do you have a prepared statement?

STATEMENT OF THOMAS H. CLARK, ESQUIRE, GENERAL COUNSEL, NATIONAL FUNERAL DIRECTORS ASSOCIATION OF THE UNITED STATES, INC. MILWAUKEE, WISCONSIN; ACCOMPANIED BY HOWARD C. RAETHER, EXECUTIVE DIRECTOR, BYRON VON HORN, SECRETARY, AND FRANK R. GALANTI, NATIONAL FUNERAL DIRECTORS ASSOCIATION OF THE UNITED STATES, INC.; A. EVERETTE MACINTYRE, COUNSEL FOR THE METROPOLITAN FUNERAL DIRECTORS ASSOCIATION OF WASHINGTON, D.C.

Mr. CLARK. I do, Mr. Chairman.

Mr. DIGGS. Would you first identify your colleagues, and then you may proceed with your statement.

Mr. CLARK. Yes. If I could start with the ones to my right, Mr. Howard Raether, who is the Executive Director of the National Funeral Directors Association; and to his right is Mr. Bryon Van Horn, Secretary of the National Funeral Directors Association. To my left is Mr. A. Everette MacIntyre, a lawyer from Washington, D. C., and of counsel to me and to the National Funeral Directors

Association. To his left is Mr. Frank Galanti, National Funeral Directors Association of the United States.

My name is Thomas H. Clark. I am the General Counsel of the National Funeral Directors Association. This group is an affiliation of 48 state associations within the continental limits. It also has the Washington, D. C. Metropolitan Funeral Association as an affiliate.

I appear with Howard C. Raether who is the Executive Director of the NFDA which has over 14,000 members who annually conduct about 75 percent of the funerals in the U. S.

COOPERATION OF THE NATIONAL FUNERAL DIRECTORS ASSOCIATION

I think it is important for your committee to know of the excellent and often extended cooperation that NFDA has provided all agencies of the Federal Government that in any way directly or indirectly are involved with funeral directors. Our liaison ranges from those who have Federal Government responsibilities following a death to those who have jurisdiction over funeral homes as places of employment. While we represent a service profession, which is an essential segment of our society, we do so taking all facets of post-death activities and responsibilities into consideration. Representatives of any agency of the U. S. Government who have any contact with our organization will attest to this.

This basic philosophy of NFDA resulted in offers to cooperate with the Federal Trade Commission in its non-public investigation of funeral service as soon as the association learned officially such a study was underway. This resulted on April 18 in the submission of material as to suggested funeral service practices which hopefully will be the basis for "guides" of the Commission, guides which include but go beyond that which should be provided those arranging a funeral such as, but not limited to, advertising, prearrangements, representations as to services, facilities and merchandise.

FUNERAL SERVICE PRACTICE AND SOCIAL RESPONSIBILITY

Legislation and regulations regarding funerals and funeral directors must take a flexible approach. Social and economic considerations of a funeral service must be considered in light of the circumstances which develop. One will differ from the other in many respects making standardization of approach impractical, if not impossible. The costs involved in a funeral service are directly related to needs and requirements. The largest single cost is for the personnel required to staff the practice. This is followed by expenses of the physical plant and its furnishings and equipment especially designed for the purpose. There is the continuing need for motor vehicle use by the funeral home with a lessening need for the funeral home to have automotive equipment to be used by other, such as family and mourners.

VARYING FUNERAL COMPONENTS

The similarity of characteristics of the basic components of a funeral service make it difficult to distinguish the distinct variations and requirements and needs between all services thereby providing a little

understood but definite economic factor. There is no presently accepted standard measure as to what will constitute a funeral service. The components almost remain constant but they can be adapted to varying needs. Based on the experience he has had as a funeral director in Detroit, Congressman Charles Diggs, Jr. might well concur in this statement.

The variations which exist often compensate for each other in the matter of costs, time and/or expense. It is this multiplicity of conditions, circumstances and situations which are continuously changing which require full knowledge of the expenses of the practice so that the quotation method used or contemplated will be fair and acceptable to the community.

PRACTICES IN MARYLAND AND VIRGINIA

Any measure which will affect the practices of District of Columbia funeral homes will directly affect the practices of some funeral directors in Maryland and Virginia. This must be pointed out because some of these funeral directors are licensed by the District of Columbia and at times serve District of Columbia families in their funeral homes in the suburbs which surround Washington but which are in these States.

In both Maryland and Virginia, among the practices spelled out by law or regulation, are those which require a person arranging a funeral to be given by written memorandum of the transaction. The bill introduced by Congressman Joel Thomas Broyhill combines some of the features of a Maryland law and a Virginia regulation.

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The disclosure or enumeration required by Congressman Broyhill will permit the offering of a realistic minimum service as part of a wide range of services and caskets. Such a service will be available to all to meet their needs and desires and will allow the less fortunate to be served without stigma attached to the service. The funeral director is able to provide this minimum service and casket under Part 1 of Congressman Broyhill's measure by using a sound pricing procedure. This procedure distributes the recovery of operating costs as an allocation factor applied to the entire range of services and caskets offered for selection. This will be in line with the needs of those in the community served based on the experience the funeral director has had in serving such community.

The bills by both Congressman Diggs and Congressman Broyhill are intended to provide disclosure as to the costs of services and merchandise selected. We endorse this concept.

Both measures offer the options of indicating those services and merchandise not desired with an appropriate allowance therefor. This is spelled out in the suggested practices in the material submitted to the FTC.

In our opinion the bill by Congressman Broyhill offers the most practical approach as it does not mandate one standard method of quoting prices. It leaves options open for the funeral director as to what price quotation method will best serve the needs of his particular clientele as well as to meet the requirements of the law.

CONCLUSION

As I stated previously, NFDA has submitted material to the Federal Trade Commission that could be the basis for guides for a funeral service practice. With the FTC having jurisdiction over trade practices in the District of Columbia these Guides, if adopted, could eliminate the necessity for any Congressional legislation. If it is felt that legislation is required for a facet of the practice of funeral service in the District of Columbia, NFDA supports Congressman Broyhill's bill.

I want to take this opportunity to thank the Chairman, the Committee, for the opportunity to appear, and especially thank the Chairman for allowing this forum to discuss this very important issue. But before I close, there are a couple of additional statements I would like to make.

Under Bill H.R. 13492, a mandated itemization statute, the so-called complete meal or complete package price and the a la carte will not both be available to the consumer. It would be an à la carte menu he will be given.

Under H.R. 13969, both will be available to the consumer.

Secondly, I would like to say, and I am sorry that the representatives of the FTC are not in this room, they saw fit to leave—are they here now? Yes, at least they weren't when I was here.

I want to say that this investigation started in July, 1973. The opinion and advice and the knowledge of the NFDA representing 14,000 members and 48 States has not been sought under any condition. The only communications we had from them are acceptance of any material which we voluntarily filed with them in order that we might help the record.

Thank you very much.

Mr. Diggs. Thank you very much.

Your colleagues are here for the purpose of responding to questions. They have no statements?

Mr. RAETHER. I wonder, Mr. Chairman, if I might answer two questions that were unanswered before. One was directed to the member of the Federal Trade Commission.

Mr. Diggs. Yes, you may proceed.

FUNERAL COST STATISTICS

Mr. RAETHER. As to the matter of expenses involved in the operation of the funeral home, each year the National Funeral Association conducts a management statistic study. The most recent statistics are for those involved in funerals provided in the year 1972. They show that in 1972, of that which was provided by the funeral director, salaries amounted to 28 percent of the costs of providing the services. Burial from the funeral director, 20 percent; building and occupancy, 11 percent; cash advance as an accommodation to the families, 11 percent; supplies, services, collection and promotion, 7 percent; automobile, 6 percent; general expenses 5 percent; and taxes, 4 percent.

This leaves a profit margin of 8 percent.

SOCIAL SECURITY ALLOWANCE

In answer to the question counsel asked about Social Security, sir, the Social Security lump sum death benefit was never intended as a burial payment. It goes back to the time, of course, that Social Security paid out 6 times the primary interest amount and was paid in those instances and was paid when there was not an individual to receive other benefits from other Social Security. The lump sum payment of \$255 was set up as a ceiling in the early 1950's. The law reads that someone like this, that a lump sum three times the benefits but not to exceed \$255, shall be paid to the surviving spouse if there is one living at the time of death or to the persons entitled to by reason of having paid the funeral bill. I believe the Social Security will show, Counsel, about half of the lump sum death payments are directly to the surviving spouse without any regard to funeral expenses. And by the way, the minimum is now the maximum.

The other amounts have increased to such a point where the dollars, \$255, is the amount which is now paid.

Mr. DIGGS. Thank you, gentlemen.

Mr. Gude.

Mr. GUDE. No questions.

PRICE FIXING

Mr. FREEMAN. Mr. Clark, I am interested in your understanding of the Diggs' bill, and I am using the restaurant analogy. Under the one bill, you determine that the price fixing is not available; is that correct?

Mr. CLARK. That is correct.

Mr. FREEMAN. But you have indicated under the Broyhill bill, the price fixing a la carte would be available. That concerns me. Under the Broyhill bill, there is the package and supplementals; and unless the consumer specifically requests for the a la carte, it would not get that; is that not correct?

Mr. CLARK. Under the Broyhill bill, the funeral director, and there are many funeral directors in the District—I know of one—who itemized anyway.

Mr. FREEMAN. One is hardly many.

Mr. CLARK. Out of the 12 affiliates of our association here, there might be others. I am not that cognizant of the local people. I am sure there are people that can tell you better than I can, because they are here.

But around the country, when this bill—this type of thing is adopted, an individual who chooses——

Mr. FREEMAN. Excuse me. Which one are you talking about?

Mr. CLARK. The Broyhill bill. A funeral director that says his clientele is better served either through the unit method, bi-unit, the tri-unit or the itemization, he can select that method and still be under that law and be in conformity with that law. That is not true with the other bill.

Mr. FREEMAN. That is correct.

Mr. CLARK. The other three systems would be automatically ruled out.

Mr. FREEMAN. Under the Broyhill bill, both would be available. It is the funeral director's choice and not the consumer's choice; is that not correct?

Mr. CLARK. That is right.

Mr. FREEMAN. Thank you. I have no more questions, Mr. Chairman.

*FUNERAL COST AND OVERHEAD

Mr. DIGGS. Could you tell us what the national average overhead is for members of your association?

Mr. RAETHER. Well, you were pretty close before, Mr. Diggs. It would be in the area, depending on whether you look at all services, including the indigent services or whether you look at just total adult services, and that would be in the neighborhood of \$800.

Mr. DIGGS. Suppose—could you tell us for the record what happens when a family comes in to one of your members that has less than that amount? Presumably, that if your national average is \$800, presumably any funeral you sell below \$1,100 or thereabouts is not covering all of the costs, and so therefore, the presumption is particularly tied into this itemization argument that the people below that are not being served or would potentially not be served or might potentially only be served in a partial way. And I think for the record there should be some indication from the National Association as to just how you handle the family who comes in with less than the money it takes to recover your overhead. Suppose someone wanted a funeral for \$300 or \$400, and that is all they have.

Mr. RAETHER. Well, the last study which we did, Congressman, shows that all of the funeral services selected in 1972 from funeral homes which participated, 3.2 were priced between \$200 and \$499, and 14 percent were priced between \$500 and \$799. And 17 percent were between \$800 and \$999; 18.4 percent were between \$1,000 and \$1,199; 17.9 were between \$1,200 and \$1,499; 6.7 percent were between \$1,600 and \$1,999. And 1.9 over \$2,000. The remaining 20.9 percent included welfare adult funerals and partial adult funeral services.

What happens on a gradual recovery method, as you probably know, Congressmen, the funeral director makes available these services to those who need them, to those who select them. This record of selection has been further substantiated when the Veterans' Administration in compliance with a requirement of Public Law 43-93, went and made a study of funeral costs across the country at the same time our association was making a study and found that there were these funerals available for what you call less than the overhead. And the reason that the funeral director can make them available, he graduates the recovery involved in the overhead between the area in which he gets his greatest return from the clientele that he serves.

Mr. DIGGS. Well, that sounded like about 20 percent of the services that are rendered by members of your association are less than the break-even point.

Mr. RAETHER. What you would call the break-even point, yes, sir.

Mr. DIGGS. And if under an itemization you would end up with the minimum on your floor would be, say, \$1,100 or something like that, the family would come in with less than that amount, how do you handle it on the building? Would you just discount it, indicate that

you were—this funeral is, say, \$10,000, say, \$1,000, but you're giving an accommodation discount. What I am trying to understand is the argument that itemization would eliminate inexpensive funerals. Would you not give that funeral as you are giving it now and simply discount it? You are not suggesting that anybody that walks into the establishment of one of your members would be turned down simply because he couldn't reach the minimum under itemization.

Mr. RAETHER. No, but what happens is—or what has happened under the mandate under itemization is that the components are generally spelled out under the itemization law. Generally, the total of those components total what the so-called average overhead is; and the average then becomes the minimum. So the person looking at the entire funeral starts out with that as the average.

Now, I am sure that the funeral directors under itemization laws do take care of those who come in. But I must under certain circumstances point out that you just don't have sufficient funds in order to meet that high minimum service.

Mr. FREEMAN. In that situation, would not the funeral director be able to suggest to the person who is low on funds certain items which could be deleted to bring the cost down below that funeral average. The things that would be most appropriate, say, embalming which is not required by law in certain jurisdictions.

Mr. CLARK. Let me answer that if I might. With my religious background, I might be involved in that more than some people.

I don't like the idea that those who are a little less fortunate than I am are entitled to any less service, any less religious rights, any less funeral than the way of service that I might be. And to think that they would have to do away with visitation or do away with mass or whatever that item of service has to be, to be cut out in order to take this so-called minimal amount or this minimum down to a break-even point that he or she can afford, is something which is frankly repugnant to me.

Mr. FREEMAN. Is that not the situation?

Mr. CLARK. No. Not under the multi-pricing methods available to us. Obviously, when you have a funeral and a chart that certain persons with a certain percentage of the so-called less than break-even point, nobody is suggesting that these people do not receive any item of service that the guy receiving the \$1,000 or \$2,000 funeral did not receive; that there was a full visitation; that every item, embalming, every funeral director—everything the funeral director did, he did for the other family.

Mr. FREEMAN. What you are saying is within limits in a non-itemization, you're charging what the traffic would bear?

Mr. CLARK. Absolutely not, absolutely not. We are charging in some cases—people, what they can afford even though we are supplying them with services that might ordinarily be much more expensive. That is what we are saying.

Mr. RAETHER. Well, when you are dealing with a matter of averages, Mr. Freeman, when the average becomes a minimum, you don't regard that which is above the average. This is what is the instance under the unmandated itemization. They start out with the average, disregarding that which is above the average, and which should be

taken into consideration in providing for a graduated recovery of approach to the entire funeral service practices.

FUNERAL DIRECTOR ASSOCIATIONS

Mr. DIGGS. I have one final question. I know that your reference to your local chapter, and you said it had—that I believe you had 13 members, and I am looking over the list of morticians that are in the FTC and it is 56. And I am trying to understand the discrepancy. There are only 13 out of the 56 morticians in the District of Columbia that belong to your local chapter?

Mr. RAETHER. There are two associations here in the District, Congressman. We liaison with each other, but the majority are with the other association.

Mr. DIGGS. What do you mean, two associations? Would you be a little more explicit?

Mr. RAETHER. There is a white funeral director organization and a black funeral director association.

Mr. DIGGS. Well, we have that in my State. That doesn't mean that black morticians don't belong to the Michigan Chapter.

Mr. RAETHER. I don't know if it is the case here. In your State they can belong.

Mr. DIGGS. Is there any difference in that situation here? Can the black morticians belong to your affiliate? Are any of them members of your affiliate; and if not, why not?

Mr. CLARK. By choice, but by choice they have their own organization just as though on the national—

Mr. DIGGS. They have their own organization. That I believe, for example, is for both of them.

Mr. CLARK. Right.

Mr. DIGGS. Are you suggesting that someone can't have a dual membership?

Mr. CLARK. They can if they choose it.

Mr. DIGGS. Not one black mortician in the District of Columbia has chosen to become an affiliate of your organization. Why is that?

Mr. RAETHER. Later on, Robert Devol, who is president of the Metropolitan Funeral Directors Association, will be speaking, and he would have much more information on this. They certainly are permitted to.

Mr. DIGGS. There are no prohibitions?

Mr. RAETHER. None whatsoever.

Mr. DIGGS. That is the situation. That is a lot—there is a lot open. That is what I am trying to understand.

Mr. CLARK. Yes.

Mr. DIGGS. For the record, I am prepared to ask Mr. Devol that and also Mr. Tillman when they testify. I wanted to get clarification on what the policies are on the national level.

I have no further questions.

Mr. HOGAN. I wonder if we could have a copy of the Federal Trade Commission statutes?

STATISTICS

Mr. CLARK. Yes, would you—you want that now?

Mr. HOGAN. For the record.

Mr. CLARK. Yes, sir.

(The material referred to was not received in time to be included in the record.)

Mr. DIGGS. You read some very interesting figures off there, Mr. President; and if you could make that a part of the record, because that obviously is some record that you have.

Mr. RAETHER. Yes.

Mr. DIGGS. Some analysis, if you could provide that and any other pertinent information for the record, the Committee would appreciate it.

Mr. RAETHER. We would be happy to do so, Mr. Congressman.

Mr. CLARK. The copy of the guides are there.

Mr. HOGAN. Thank you.

Mr. DIGGS. The Chair would now like to call Mr. Robert H. Miller, Executive Secretary, National Funeral Directors and Morticians Association, Inc., Chicago, Illinois.

There is another mortician from out of the city that has a plane to catch, and he is a member of the group that Mr. Miller is representing here. And I would like to call him up. He has submitted a statement for the record, Mr. A. A. Rayner, Chicago, Illinois.

We will include his statement in the record and perhaps after Mr. Miller finishes his statement on behalf of the National Funeral Directors Association, Mr. Rayner might sit as part of the panel and respond to questions.

You may proceed.

**STATEMENT OF ROBERT A. MILLER, EXECUTIVE SECRETARY,
NATIONAL FUNERAL DIRECTORS AND MORTICIANS ASSOCIATION,
INC., CHICAGO, ILLINOIS; ACCOMPANIED BY: E. PERRY PALMER,
NATIONAL PRESIDENT, AND BERNARD FIELDING, NATIONAL
COUNSEL AND A. A. RAYNER OF CHICAGO ILLINOIS**

Mr. Miller. Mr. Chairman, distinguished members of the Committee, ladies and gentlemen. My name is Robert H. Miller. I represent the National Funeral Directors Association as executive secretary.

And at the very beginning, I wish to refer to a statement made by FTC spokesman who said that contact had been made with the various organizations. I have been the executive secretary for 26 years, with one office, and never have been contacted by the FTC or any of its members concerning their legislation or this investigation that has been going on here in the District of Columbia.

We have some 46—

Mr. DIGGS. Would the gentleman care to clarify, maybe concerning the regulations but not the investigation.

Mr. MILLER. Neither one.

Mr. DIGGS. With respect to the legislation that is pending here as a result of contact that we made with you, we invited you to testify.

Mr. MILLER. I am here from the contact that was made by the Honorable Chairman Charles E. Diggs' office; the invitation came from that office.

Mr. DIGGS. I just wanted to get that straight.

Could you, Mr. Miller, identify your associates?

Mr. MILLER. On my left is our National President, Mr. Perry Palmer of Columbia, South Carolina. On my right is the General Counsel, Mr. Bernard Fielding. I am sorry, he is on my left, also. We have on my right Mr. Armond Rayner of Chicago, Illinois, from A. A. Rayner & Sons Mortuary.

I would like to start off by saying I have seen in a letter, and this letter suggests that I would like to speak about two or three things. And one of them is in response to the 90 days in Mr. Diggs—Congressman Diggs' bill, and the other bill you have before you. I would like to oppose that for the simple reason that in the United States, we have some 4,000 black funeral directors. And the black funerals are a little different from the white funerals.

BILLING

I would want to clarify that in a couple of instances by giving you certain examples. For instance, the FTC advocates they're speaking for the consumers. They say that their comments come from the consumers. We are not exactly positive who the consumer is, the dead person we are burying or the living person that is acting for the consumer who is using the goods. But we have had no complaints from any living consumer. We have tried to get comments. We have polled our state organizations, our local organizations to find out if they had any comments from anyone. We found out people come to us and our members because they want their service. And many of them have had their service. But we find that many of our people come from the south. They want to be buried again in the south after death.

And on the matter of a bill that must be given to them at the close of your funeral arrangements, we find many of our people leave for the south and say to the local funeral director, I want to pay the funeral director in the south, find out what his bill is and pay him. If we give them a bill, the complete bill at the time we close our deal, we will find that they go on these funerals, on these burials and incurred—or incur additional expenses. And this bill has to be—remain open.

We also find that we now are having to have shipments from Thailand. Overseas where many of the soldiers are going back as, say, civilians; and then the Red Cross here in Washington and other government agencies are bringing them back, and sometimes it takes them 30 to 40 days to get the exact bill of the funeral director. And for that reason it is pretty hard to give him a complete bill when you have a threat of a penalty of being fined at the end of 90 days.

I would like to see that left out of the bill. I would like to see a warning of some type, the first time, maybe the second time, or maybe a third time. We think this punishing a person for not giving a bill to the person is pretty harsh. When the person is honorable, there is many areas in which he may be working, which prohibits this bill from being given to him. And we also would like to say that we have a feeling that we have been convicted by the press by releases that have been given out by the FTC all over the United States, saying that the average funeral prices, \$1,800 cost to a family, rather was \$1,800. Not breaking that down for the public so it shows the funeral cost was about \$800; that the cost of the crib—the cost

of the crematory involved and so forth and so on in addition to the \$800 cost approximately \$1,000, for a total of \$1,800. This is done without any explanation to break it down, you know. And most people look you in the face and say, I didn't know the average cost of a funeral was \$1,800.

These kinds of things we face. They have hurt us to an extent that we wanted to be invited in so we could discuss these things with these people and go over them.

COST

We also find that the cost of funerals are different in different locations, and that the funerals in the District of Columbia can't be used as a model for the whole United States. In Philadelphia, in New York, Chicago and St. Louis, they have night funerals. You are in possession of a funeral the night and the next morning. You have double delivery. You have double service. So the cost cannot be the same. They also say that a cemetery, the crematory cannot tell you that you have to use a container in which to bury the remains. Cemeteries have rules that say you must use a concrete box. They tell you why. After 3 or 4 years if you don't use a concrete box or no box at all, the grave sinks, and the tombstone will tip over or fall over. The crematories have rules, that if we want to bury in those crematories, we must follow. Most of them say you can't come into the District of Washington and cremate unless they are in some type of container. We have to live by those rules.

MEMORIAL SOCIETIES

Quoting a black funeral director, I find our people are—want a good Christian burial, and I don't find the law is equal here in the District of Columbia when this is one of the areas you have no memorial society, no memorial society. The memorial society is like the telephone. You call that funeral director. He is a broker. He recommends a funeral home. It may not be in the District of Columbia. The places may state \$400 or \$500 for the disposition of human remains. It may be out of the District of Columbia, and he isn't regulated by any law. He wouldn't be under the control of the FTC or any other law you might make in the District of Columbia.

So there were some 300,000 members in the United States—and I want to say the black people do not belong to this society—they do not want that type of service. They do not belong to Tele-ceive, which says, you call us, we pick up the remains, you don't have to dress it, it doesn't have to look natural, you don't have to have a crib, memorial services; we will put it in an airplane and take it to the sea. We will drop the after part, return it to you, and we show the fortuitous of the shore line. That is Tele-ceive. Our people do not bother about Tele-ceive. They say to us that you do not permit people to cremate. 98,000 people were cremated in the United States last year. Some 40,000 on the west coast, a few on the east coast, and some in the south. But less than 1,000 out of 98,000 were Negroes.

So they don't want to be cremated. They know what they want. They are very fond of their funeral directors. They are part of the community. They work with him or them. They respect them, and

they are at home with every one of them. They are shown the courtesy that a funeral home can give to a person and are not asking for the things that FTC says are needed and they say they are not, the consumers that are complaining. So we don't know where they are.

Mr. Chairman, if it is all right with the committee, I would like to yield to our counsel, Mr. Fielding, who will make an additional statement.

Mr. DIGGS. The gentleman is recognized.

Thank you, Mr. Miller.

Mr. FIELDING. I brought my time clock so I wouldn't go over too much.

Mr. Chairman, Members of the distinguished Subcommittee, I would like to say that I am a distinguished colleague from South Carolina, just as our distinguished colleague from North Carolina, Sam Ervin, I happen to be a country lawyer from South Carolina. I was born in the funeral service, the profession. And prior to my appointment approximately a year ago as General Counsel for the NFDMA, National Funeral Directors and Morticians Association, which has no affiliation other than one of the liaison with the other associations, I served as counsel for the South Carolina association for the last 16 years.

The appearance here of our national president, Perry Palmer, on my left, the executive secretary, Robert Miller, our educational director, Dr. Charles J. Latimer, if you would stand up, Mr. Latimer, and myself, in support of our constituent body, Independent Funeral Directors and Morticians Association of Washington, D.C., upon whom the spotlight is presently focused. We submit that the terminology, undertakers and funeral services industry are grossly obsolete. We suggest that you substitute the more modern and appropriate language of funeral directors or morticians or embalmers and funeral service profession.

We are a representative body with a broad and diversified membership indicative of the honorable professional, decent school trained and experienced quasi public, for—who for a substantial number of years have rendered outstanding professional service to their clients while simultaneously involving ourselves or themselves very deeply in numerable activities for the benefit of the geographic communities. We respectfully submit our association membership, and for that matter, many other morticians in and out of our organization have been as integral part of the development of America as any other professional category.

We acknowledge and concede that in all professions there exist unethical practitioners. And the need for continued improvement and changes by the ethical practitioners. This is exactly the function and purpose of our association. To provide for the uplifting and upgrading of all funeral directors and morticians in corporation and conjunction with existing funeral service boards which exist in each State, and with our respective State legislatures and city governing authority. We have several members of our associations who sit on funeral service boards all over America. We therefore literally were shocked or amazed to reveal to this committee this morning that there has been virtually no communication, coordination or request for submission of information to the properly delegated officials of

National Funeral Directors and Morticians Association, Incorporated, which represents a membership of approximately 1,800 individuals coming from 22 States and two territories.

FTC INVESTIGATION

We are certainly respectful of the fact that this so-called FTC investigation has been ill-conceived, born in illegitimacy and nursed in deformity. We are especially suspicious that the Federal Government or perhaps we should say several young and inexperienced staff members of the FTC has investigated one of the oldest professions in the world at a time when the diversionary tactic may well distract from Watergate.

We are officially inflamed over the fact that before the commencement of this investigation, during the course of the same and since its conclusion, we have been subjected to virtually slanders and libelous statements in the news media which has done irreparable harm to our profession. We have no objection to either of these bills, but we do not feel that merely requiring itemization of bills, which 50 per cent of the undertakers do anyhow, will protect consumers from dishonesty, outrageous prices or reduce the overall cost of the so-called average funeral.

Mr. DIGGS. You say 50 per cent of whom?

Mr. FIELDING. I withdraw that word, Mr. Chairman, and say funeral directors and morticians.

Thank you, sir.

We have some specific suggestions on these two bills. Should this committee ultimately decide to submit the same to the Congress, we respectfully request that we must be regulated, that we at least be given an opportunity for participation.

In conclusion, we call the committee's attention that our profession consists of numerable small businessmen with millions of dollars a year training and experience invested in this business. We are being challenged by some sinister forces called memorial societies, which in our eyes are just a front organization to take over the funeral home profession. We are being challenged by the millionaire conglomerate or conglomerates who are gulping up our membership in Alabama and all over America today. We are being challenged by cemetery associations who are owned or controlled by millionaires who have one ultimate in mind. That is, of course, to consume the black funeral director.

Certainly, gentlemen, we do not intend to be consumed. We intend to defend ourselves. We are happy to be here this morning on behalf of the 1,800 membership of the National Funeral Directors Association and the national president would certainly thank you for this opportunity, and we certainly hope that you would give consideration to our remarks. [Applause.]

Mr. DIGGS. As I indicated, Mr. Rayner has submitted a statement, and it will be included, and we can ask some questions.

Mr. Gude.

Mr. GUDE. No questions.

Mr. DIGGS. Counsel.

Mr. FREEMAN. I have no questions. I assume, Mr. Rayner, we have no objection to striking the names. They were deleted on your exhibit, so they wouldn't—unless you have their permission.

Mr. RAYNER. I am sorry.

Mr. FREEMAN. We have stricken the names on your exhibit unless you have their permission.

Mr. RAYNER. I deleted their names. I deleted their names.

Mr. FREEMAN. Yes, I see. Thank you, sir.

Mr. RAYNER. I would like to read my statement.

Mr. DIGGS. I think for purposes of your being here, Mr. Rayner, that it is considered in the record. I will be asking a couple of questions which you might respond to. Your statement will be included in the record.

[The statement referred to follows:]

STATEMENT OF A. A. RAYNER, JR., GENERAL MANAGER, A. A. RAYNER AND SONS FUNERAL HOMES

I wish to thank those responsible for my being here today and also to thank you gentlemen for allowing me to appear before you.

Come December, this year, my Father (A. A. Rayner, Sr.) will have been active in the Funeral Profession 60 years. When he was my baby sitter at the Funeral Home I often took my nap in a casket. My Son, A. A. Rayner, III, took the State of Illinois Board examination to become an Embalmer just yesterday. My experiences should have made me knowledgeable.

A Funeral is the disposal of a dead human remains as prescribed by the health laws of a State and as desired by the ethnic culture of survivors.

H. R. 13969, as I see it, can be lived with as it describes what any ethical Funeral Institution is already doing. H.R. 13492 presents a problem in that it will make the cost of a funeral more expensive. (see Appx #3). With the Unit method of pricing, (13969 and Appx #1 and #2), the services even themselves out. Where much service is rendered with one funeral, fewer are required on another.

The cost of conducting a funeral service, or expenses, without the casket, can run from 400 to 7 or 8 hundreds of dollars. Every funeral involves at least 80 man-hours and every dead human remains is handled 8 times or more.

Because the cost of doing business, and as each Funeral Director must determine what their professional service is worth, (as does a Doctor or Lawyer), no two Funeral Homes will have the same prices though they will always be basically the same and will rarely vary more than 100 to 200 dollars depending on competition and ethnic custom.

The *Main* purpose of the Funeral Director or Undertaker is to help a family through a traumatic experience and to, with a sympathetic arrangements and understanding service, cause the death picture to become as pleasant a memory as is humanly possible. By far the greater majority do just that even to the point when indigent families or those receiving public aid cannot afford to pay a minimum cost; the poor still receive proper and complete care.

Let us not forget that a Funeral Director follows his profession to make money—to receive a just return for his investment—as is anyone else in business.

The only true fear expressed by my colleagues is that these two bills will be the beginning of a rash of such throughout the country which will probably be more extreme and stringent. Will regulations follow regulation and include Doctors, Lawyers and other professionals until we border on Socialism? In other words, please be careful how you mess with our business!

Thank you, Gentlemen.



3.
29 MAR '74

To MRS. LOUISE JONES

EXPENSES FOR FUNERAL OF MR LAWRENCE JONES

WAKE 7 PM - WED - MAR 31 - CHAPEL - 318 EAST 71ST STREET

FUNERAL 7:30 PM - WED - MAR 31 - CHAPEL - 318 EAST 71ST STREET

INTERMENT THURS APR 1 - 10AM - LINCOLN CEMETERY

COMPLETE FUNERAL — MONDAY THRU FRIDAY — INCLUDING

Removal of Remains

Embalming and Preparation

Casket & Professional Services

Securing Necessary Permits

State Taxes

#25

Hearse and One Limousine

\$ 733.-

ADDITIONAL ITEMS

Saturday and Sunday Services

Additional Professional fee (\$50.00)

Certified copies: \$2.00—1st Copy 1 2.-

\$1.00—each additional 4 4.-

Extra Limousine @ \$ 55.- for cemetery 55.-

Extra Limousine @ \$ _____ for Night Service

Flower Car @ \$ _____

Burial Garment 45.-

Cemetery charges 219.-

Concrete Burial Vault

Air or Railway fare

Escort

Shipping Box or Air Cover

\$ 400 V.A.

255 S.S.

655.-

TOTAL EXPENSES \$ 1058.-

CASH RECEIVED \$ 403.-

BALANCE DUE \$ 655.-

APPROVED BY

Louise Jones

DATE 29 MAR '74

Funeral Home representative

amp

FUNERAL PURCHASE AGREEMENT



(1) ADDITIONAL MERCHANDISE

Vault _____
 Outside Enclosure _____
 Clothing _____

Total (1) _____

(2) CASH EXPENDITURES

Minister Rev. Mialke ✓ **\$25.00**
 Phone Charges _____
 Cemetery Opening ✓ **70.00**
 Transportation Expense _____
 Vault Falcon ✓ **135.00**
 Burial Garments Suit ✓ **28.50**
 Hair Dresser _____
 Flowers Funeral Florist ✓ **52.00**
 Transcript of Death _____
 Singers _____
 Organist _____
 Memorial Ad _____
 Sales Tax (when applicable) _____

Paid in full on May 12, 1970 by Minnie Bolton (Wife) Danbury
Bernard L. Bolton
Kings Ave

Total (2) **\$310.50**

(3) ITEMS ORDERED LATER

Certified Copies _____

Total (3) _____



Name of deceased Mr. Alfred B. Bolton Age 85
 Deceased is Husband of person arranging services
 (Give relationship)

PROFESSIONAL STAFF SERVICES

Staff assistance in removal from local home or hospital. Preparation, restoration and other specialized in-home care as required. Procurement of all necessary legal papers. Arrangements pertaining to religious services, clergy, cemetery, crematory or other items as required. Local newspaper notices. Arrangement and care of final tributes. Assistance with insurance, social security and veterans matters. Twenty-four hour attention to all details.

FACILITIES, EQUIPMENT AND TRANSPORTATION

Use of funeral home facilities including preparation room, repairing room, all equipment and furnishings as needed for funeral home or church services. Acknowledgment cards, register book and casket. Transportation as needed (or removal) from local home or hospital and for providing services listed above. Car for clergyman as required. Casket coach to any local cemetery.

CASKET AS SELECTED including the above **\$ 553.00**(1) Additional Merchandise _____ **\$ 553.00**Sub-Total **\$ 553.00**(2) Cash Advanced _____ **\$ 310.50**(3) Items Ordered Later _____ **\$**Total **\$ 863.50**

TERMS OF SETTLEMENT:

The debt represented by this agreement is due 30 days after the completion of the services. A FINANCE CHARGE at the rate of 1% per month (ANNUAL PERCENTAGE RATE OF 12%) will be added to this debt or any portion thereof unpaid on the last day of each month thereafter.

We agree to furnish all services, and merchandise, indicated above.
 Peunum, Uehling, Kiser, Inc.

I, or we, accept and approve the above

Mrs. Minnie Bolton103 Marilla AvenueBeloit, Wisconsin 53511

City State

By G. F. Boreford

Signature of Co-signer with Purchaser

Street City and State

Signature of Co-signer with Purchaser

Street City and State

FUNERAL SERVICE CHARGES ¹

Complete Funeral Expenses:

Embalming	\$175.00
Casket (Family Selection Cost)	
Removal (Local)	50.00
Dressing Remains	20.00
Barber or Beautician	17.50
Manicure	5.00
Restoration	50.00
Limo to Cemetery	55.00
Hearse to Cemetery	55.00
Taking Remains to Church	25.00
Taking Remains to Airport	60.00
Taking Remains to Railroad Station	50.00
Taking Remains to Home	25.00
Limo Trip to Coroner's Office	30.00
Limo for Nite Wake and Funeral	45.00
Limo for Arrangements	30.00
Limo for First Viewal	30.00
Procuring Burial Permits, Certified Copies and Legal Papers	25.00
Clergyman	17.00
Organist and Singer	15.00
Professional Services	100.00
Use of Chapel	75.00
State Sales Tax, 5%	
Pall Bearers' Gloves, 1/2 Doz	5.00
Catholic Prayer Cards	6.75
Register Book	3.50
Acknowledgement Cards, Per 100	4.50

See footnotes at end of table.

FUNERAL SERVICE CHARGES ¹—Continued

Additional Items: ²	
Folding Chairs.....	15. 00
Door Spray (Flowers).....	25. 00
Extra Limo.....	55. 00
Suits and Dresses (Optional).....	
Underwear (Optional).....	
Delivery of Flowers to Home or Hospital.....	10. 00
Death Notices (Optional).....	
Tent Rental.....	25. 00
Burial Vault (Optional).....	
Long Distance Calls (Optional).....	
Funeral Programs (Optional).....	
Saturday Services, Cemetery.....	50. 00
Saturday Services, Chapel.....	50. 00
CMAS Covers.....	32. 00
Air Fares (Optional).....	
Railroad Fares (Optional).....	
Funeral Pictures (Optional).....	
Grave (Family Choice).....	
Cash Advance (Optional).....	
Mass Offering (Optional).....	

¹ Basic Chicago, Illinois Prices.² Usually Cash Advance Items.

Mr. DIGGS. Mr. Miller, do you have any statistics that are comparable to the statistics that were submitted by the National Funeral Directors Association as background of the average services conducted by your membership?

Mr. MILLER. We do in our office.

Mr. DIGGS. Would you submit those to us, to the committee?

Mr. MILLER. I would be glad to, sir.

Mr. DIGGS. For the record.

LOW COST FUNERALS

I would like to ask just the same question that I projected to the Funeral Directors of the National Funeral Directors, namely, how do you handle situations where a family does not have enough to cover the minimum service that your membership offers that recovers all of their costs that are involved.

Mr. MILLER. We have the average, and of course, we have the funerals that sell above the average. And it takes into consideration necessarily the ones below the average. But on the other hand, if there is an actual loss, any funeral that is taking an actual loss, below cost is given it in order so that it can be taken off of the income tax, if there is a loss.

Mr. DIGGS. The National Funeral Directors Association from their statistics would seem to indicate about 20 percent, maybe a little more of all of the services that are conducted by their memberships is in lost category. Would you recall how that statistic compares with your membership, the studies you conducted? A larger number of services seem to fall in that category.

Mr. MILLER. It compares in that proportion. Ours probably would be a little lower. We have more people in this lower bracket.

Mr. DIGGS. I am suggesting there are more loss, more losses or more services conducted by the membership of your association that are below cost.

Mr. MILLER. That is right.

Mr. DIGGS. Than those in the other categories.

Mr. MILLER. That is correct, sir.

Mr. DIGGS. Mr. Rayner, as a second generation——

Mr. RAYNER. Third generation.

Mr. DIGGS. Third generation mortician, perhaps you could give us an example that would reflect the average in the association of how you handle a family that you are called to serve that does not have the amount that would cover your overhead and your basis costs.

Mr. RAYNER. Thank you, Mr. Diggs, for allowing me to speak.

In regard to the generations, my father has actively been in business now and has been since December, 1914. And my son completed his examination in Illinois, or before the Illinois State Board yesterday. So we are all in the business, and I am the junior. In fact, I have not been to your right, Bob, since I have known you. I have always been to your left.

MINIMUM SERVICES

We write off part of the expenses, part of the advertising, and this is with the assumption that we treat a family correctly and give the services during the time that they do not have the funds in hopes that the next time the family comes to us, that they may have an amount comparable to pay for a better funeral and a more costly funeral.

There are funeral homes in Chicago that won't touch them. That is welfare clients, because the State of Illinois allows \$300 for a burial and \$150 for cemetery expenses. Fifteen per cent of our funerals are in this area, because we have a large establishment. Our institution employs 35 people. We have four funeral homes in different sections of the city. And 50 per cent of our funerals are, well, \$300 funerals. You handle them one way using itemized lists instead of supplying the car for both the evening funeral and going to the cemetery the next day, you tell them they must come in themselves, the evening of the wake.

We also might tell them they must furnish the clergyman, minister or organist.

The loss is there, and there is no way to make it up.

Our cost of doing business ran in 1972 around \$400 a funeral, which is very low. Well, we account for that in the fact that my father, my son and myself work 25 hours a day, 8 days a week. Maybe we do without 2 other employees. I don't know.

But there are several ways it can be handled. As I mentioned, these are the best ones.

Mr. DIGGS. I take it that, Mr. President, that the association has reservations about the itemization concept.

Mr. PALMER. Mr. Chairman, not necessarily. There aren't many things wrong with the bill you proposed that we object to strenuously. As will be brought out in testimony in just a little bit by the Independent Funeral Associations, the most stringent features will be indicated. Primarily the black funeral directors, the main problems are with agents or people acting under the color of a funeral director

and doing unethical things. This, of course, results in the funeral profession being projected to the public in a very unusual light. I think that many problems that we, as black funeral directors, have can be solved in many instances by the governing board in the various localities and States if they function properly.

In so many instances they don't function properly. And here in just recent years have blacks been included in these governing roles. Heretofore there was no input by all ethnic groups in these boards. And as a result, they were not usually concerned with problems that existed in all ethnic fashions in the funeral service profession.

Another problem that exists among funeral directors are the problems of the grandfather clause. In many instances, in many states, all persons were licensed just by the mere fact that they were in close proximity to a funeral establishment or somewhat indicated they were involved, and they required no schooling of any sort. And as a result, many of these people are living and are still affiliated with firms today. They represent to a large extent the elements of non-professionalism that we would like to see in the funeral profession.

Mr. DIGGS. Thank you very much.

Mr. RAYNER. Mr. Diggs, itemization is difficult for the funeral home in that as the funeral progresses, certain items which might not have been included in the bill are included. When the unit price of all these services are included without hesitation, whereas if you itemize the bill—for instance, a flower card, the day of the funeral, 25 pieces of flowers, well, you tell the family, we are going to charge you \$55 for flower cards. Whereas, the bill as a unit sale or cost of the funeral, that flower card is contributed without asking them for money. Pallbearers, thank you cards, or any acknowledgement cards, you can't estimate the time, the funeral arrangements, the cost that will come about as a result of things like that. That would be included in the statement of the bill.

Mr. DIGGS. Thank you, gentlemen.

Mr. PALMER. Thank you.

Mr. HOGAN. Mr. Miller, or maybe Mr. Rayner, where you have a welfare individual who is buried, and obviously they are entitled to Social Security, let's assume they are a veteran and they are indigent. They may be entitled to a Social Security payment, plus veteran's payments which would be \$400, plus what allowance you or the decedent's family may receive from the State.

Mr. MILLER. If you get the welfare in the Chicago area, you can't have the Social Security. Welfare organizations take that for themselves, and they prevent you from having it.

Mr. HOGAN. How about the Veteran's Administration allowance?

Mr. MILLER. You can have the \$400.

Mr. FIELDING. I say in South Carolina, we have never been provided any for indigents. All black funeral directors, and I am sure many of the whites in the State of South Carolina, have been in the indigent and pauper burial service since they have been in business.

Mr. DIGGS. Thank you, gentlemen.

I would like to call Mr. Albert S. Lineberry, Past President of the National Selected Morticians, Evanston, Illinois.

We are trying to get our out of town witnesses that have planes to catch regretting the inconvenience to any of the local witnesses, but

I am sure they would understand under the circumstances. I hope they understand under the circumstances.

Mr. Lineberry, you have submitted a prepared statement to the committee. It's a very comprehensive statement, and we wish you to proceed in as an expeditious way as you can, not at the sacrifice of anything you might want to say. If you can handle that without reading the entire statement, fine. That obviously would be preferable, but as I indicated, we don't want to sacrifice anything that the National Selected Morticians consider important, because we consider them to be the elite of the profession. And their contribution on whether one agrees with it would certainly reflect the kind of quality analysis that would serve the committee's deliberation at the highest level.

Gentlemen, you may proceed.

(The statement follows:)

STATEMENT OF ALBERT S. LINEBERRY, PAST PRESIDENT OF NATIONAL SELECTED MORTICIANS

My name is Albert S. Lineberry. I am a funeral director in Greensboro, North Carolina. I am past president of National Selected Morticians, a non-profit association of funeral firms, and I am presently Chairman of the Consumer Information Bureau of National Selected Morticians. I am also president of the North Carolina Funeral Directors Association. I am pleased to have the opportunity to present my views on H.R. 13492 and H.R. 13969, and I am confident that the overwhelming majority of my fellow members of National Selected Morticians concur completely in these views.

I certainly support the requirement in both bills that the person making the funeral arrangements should be furnished a written statement disclosing the services and merchandise to be furnished. Indeed, the Code of Good Funeral Practice of National Selected Morticians requires each member "to quote conspicuously in writing the charges for every funeral offered; to identify clearly the services, facilities, equipment and merchandise included in such quotations;" "to furnish to each family at the time funeral arrangements are made, a written memorandum of charges and to make no additional charge without the approval of the purchaser."

OPPOSE H.R. 13492; SUPPORT H.R. 13969

However, I oppose H.R. 13492 and support H.R. 13969 because of one crucial difference between the two bills. H.R. 13492 has the additional requirement of furnishing to the purchaser an itemized list of the price of each service or item of merchandise that is part of the basic standard funeral package or unit. Both bills would require similar price itemization of supplemental items of service or merchandise requested by the purchaser and of cash advances made by the funeral director on behalf of the purchaser, and this is desirable. I oppose the necessity under H.R. 13492 of assigning a specific price to each and every service and item of merchandise that is part of the basic funeral unit, for this would have the result of eliminating the low priced funerals that are otherwise available as dignified choices that can be freely made by the less fortunate segments of the community without having to ask for outright charity, or for that matter, as choices for anyone who, for whatever reason, wishes to spend a lesser rather than a greater amount for a traditional standard funeral. Let me explain how the price itemization of all standard funeral components leads to higher priced funerals.

PRICE ITEMIZATION

When a funeral director has to assign a specific price to each of the individual items of service and merchandise that constitute the traditional standard funeral, he has to calculate a price for that item that will recover its cost and the portion of total overhead that can be attributed to the item. This means that there will be a single price for each component of the standard funeral and that every purchaser, rich or poor, of a standard funeral will pay the same total price for the basic funeral package, namely the sum of the itemized separate prices, except of course variations in the casket price due to the quality chosen. Thus under the itemization method of pricing there is no way to offer lower prices to the less

fortunate purchasers of a standard funeral without making outright charity discounts. I do not believe anyone would advocate forcing a less fortunate family to have to accept charity in a time of grief if another method of pricing by the funeral director would achieve the same result by giving that family the free choice of a low priced funeral selected with dignity.

GRADUATED RECOVERY METHOD

The other method of funeral pricing to which I refer is some form of what is known as graduated recovery of total costs. It is based on unit pricing, which consists of establishing a range of single total standard funeral prices, correlated to the quality of the casket selected and including the standard or necessary items of services, facilities, staff, and equipment to meet the needs and customs of a given community.

Under unit pricing and graduated recovery of total costs the funeral director does not have to calculate the average cost and overhead recovery that he must charge for each standard funeral and for each component of each standard funeral in order that each funeral and each component contribute its share of costs and overhead. Rather, under graduated recovery he can graduate the proportion of costs and overhead that a funeral at each price level in his range of prices contributes to his total costs and overhead. This means that in meeting his social and community responsibilities the funeral director can offer at the low end of his graduated recovery scale low-priced funerals that do not have to recover an average cost and overhead amount. In other words, he can in effect lose money on his low-priced funerals because he recovers the totality of his costs and overhead from his funeral sales taken as a whole and because in utilizing unit pricing he gives an over-all single price to each funeral. Thus he does not have to cost account an allocated contribution to total costs for each component item of service and merchandise as occurs under the itemization method.

I do not wish to imply that I support a prohibition of itemization and a requirement of unit pricing or graduated recovery. In our free enterprise economy every funeral firm should be free to price in the manner it wishes as long as it does not deceive or misrepresent. What I oppose is mandating price itemization by law so that the funeral director is not able to offer low-priced funerals in accordance with his concept of social responsibility. Several states have enacted legislation requiring itemization of funeral prices, and I would hate to see poor families in the rest of the United States burdened by higher funeral prices as the result of the encouragement of itemization through legislation given the stamp of approval by the Congress of the United States.

At this point, I wish to note that several months ago National Selected Morticians asked Professor Alfred Rappaport of the Graduate School of Management at Northwestern University to make a scholarly study of the effect of fragmented quotation or itemization on funeral prices. Dr. Rappaport is Professor of Accounting and Information Systems and as an authority on costing and pricing is eminently qualified to make this study of funeral service pricing. He concluded that itemization of the type contemplated by H.R. 13492 eliminates lower priced funerals. I wish to include his report in the record of this hearing as an appendix to my statement.

PRACTICE IN MARYLAND AND VIRGINIA

In conclusion, I wish to make additional comment about H.R. 13969, which I support. This bill would completely protect the funeral purchaser in the District of Columbia without placing on him the additional burden of higher priced funerals. H.R. 13969 provides for adequate disclosure by requiring a list of all services and merchandise included in the funeral, of prices of supplemental items requested by the purchaser, and of cash advances, as well as requiring a description of the method of payment. Indeed, these provisions are similar to requirements enacted in Maryland and Virginia, and I am sure funeral purchasers are better off in those states with such requirements but no necessity of price itemization.

THE EXPECTED IMPACT OF FRAGMENTED QUOTATION ON FUNERAL SERVICE PRICES, BY ALFRED RAPPAPORT, PH.D., PROFESSOR OF ACCOUNTING AND INFORMATION SYSTEMS, GRADUATE SCHOOL OF MANAGEMENT NORTHWESTERN UNIVERSITY, FEBRUARY 5, 1974

FEBRUARY 5, 1974.

The question to be considered in this paper is—

If the fragmented quotation evolved as the standard practice in the funeral service field, what impact would this have on funeral prices and, in particular, on the availability of lower-priced funeral services?

PRICING VS. QUOTATION

Debates concerning funeral service pricing are difficult to evaluate because the important distinction between "pricing" and "quotation" is not generally recognized. Very simply, pricing refers to the means or method by which price is established, while quotation refers to the method used to communicate price to the consumer.

There are two basic approaches to pricing in the funeral service field and two basic approaches to quotation. One approach to pricing stipulates that *each* funeral must pay for all out-of-pocket expenses, a constant dollar share of the fixed expenses, and contribute a stipulated share to the profit of the business. The "average overhead per funeral" method is the prime example of this pricing approach.

A second basic approach to pricing also requires the recovery of all legitimate expenses and the making of a reasonable profit; however, these requirements are imposed at the *total firm level and not at the level of each funeral*. Here the funeral director develops a pricing structure with which he expects to generate total revenues sufficient to cover all costs plus a budgeted profit, without imposing a uniform cost recovery and profit contribution amount for each funeral, or fragment thereof, which is offered. "Graduated recovery" pricing serves as an example of this second basic approach to pricing.

The two basic approaches to quotation of funeral prices are the unit and fragmented approaches. Again, there is an important distinction between these approaches which is not generally recognized.

With unit quotation, a single fee is quoted which includes the usual and customary essentials of the funeral, including a casket.

Fragmented quotation has many names and many applications. It is variously known as functional, professional, bi-unit, tri-unit, multi-unit, semi-itemized, itemized, among others. The only thing these diversely titled variations have in common is that the casket is priced separately from the other components of the basic funeral.

Among the small number of jurisdictions that require fragmented quotations, the specific regulatory requirements vary considerably, some requiring a specified number of separate prices, while others require only that the casket be priced separately with all other components priced in a single lump sum. Therefore, it is important to note that "fragmented quotation" is far from being a precisely descriptive term.

Based on the discussion in this section, there exist four pricing-quotation combinations:

Pricing Approaches

		Average Overhead	Graduated Recovery
Quotation Approaches	Unit		
	Fragmented		

Figure 1

The standard service concept

It is not in dispute, of course, that the consumer should receive complete and clear disclosure of the *total* price to be paid for the specified goods and services. The term "standard funeral service" comprises a recognizable composite which encompasses only those items almost invariably desired, based upon each community's historically established preferences. Because the vast majority of funerals involve local death and local interment or other disposition of the body, the standard service consists of those things customarily expected under these local conditions. Variances, such as death and disposition at different locations, are dealt with by adjustments to fit the conditions at hand.

Recognizing that components of the standard service must necessarily depend on the specific community served, the standard service usually consists of professional and staff services, care and custody of the body, use of funeral home and specified automotive equipment (*i.e.* funeral coach and possibly one or two automobiles, according to local preference), acknowledgement stationery, and a casket. Items such as vaults, clothing, additional automobiles, floral arrangements, cemetery charges, and the like are customarily optional and accordingly are separately itemized.

For purposes of this memorandum only, I shall assume, although I do not have personal knowledge of any such practice, that there may be some funeral directors who, using either unit or functional quotation, include items not deemed essential by a significant segment of the community. If this is done, it should be noted that the inclusion of non-essentials is possible with either type of quotation. I shall recognize the possibility of such a practice by referring to it as "not essential," to distinguish it from the normal practice of including only the established essentials in the offered price. Consequently, we now have six pricing-quotation combinations:

Pricing Approaches

Quotation Approaches	Average Overhead	Graduated Recovery
	1-1	1-2
	2-1	2-2
	3-1	3-2

Figure 2

Effect of quotation methods on lower-priced funerals

We begin with the consideration of the fragmented quotation approach. As far as I know, firms which employ fragmented quotation invariably charge a uniform price for each fragment or combination thereof. Roger D. Blackwell, describing a fragmented approach which he calls "professional pricing," offers the following observation:

"Regardless of what casket the consumer selects, however, the fee for professional services and facilities remains the same at some predetermined and profitable level."¹

It is important to recognize that, if there exists a uniform price for each functional component, then regardless of how the price is communicated to the consumer it is indeed an average overhead per funeral pricing method that is being used. In terms of the six pricing-quotation combinations presented in Figure 2, the so-called "fragmented pricers" in the funeral service field today are properly classified as either combination 2-1 or 3-1.

¹ Roger D. Blackwell, "Professional Pricing by Funeral Firms," *Commercial Law and Practice, Course Handbook Series Number 51*, New York: Practising Law Institute, p. 214.

I will now proceed to compare the expected impact on lower-priced funerals if the field were dominated by either the 2-1 or the 3-1 practice versus the remaining combinations. First, let us look at column 1 (average overhead pricing method) which contains not only combinations 2-1 and 3-1 but as well, unit-essential.

Notice that, under the average overhead per funeral pricing method, low cost funerals tend to be eliminated because *each* funeral, fragment, or combination of fragments is required to absorb a uniform amount sufficient to account for the firm's total cost and budgeted profit. This method of price construction appears to overlook the needs of consumers with less than average means.

If an average overhead pricing method is used, does it matter what quotation approach is employed? I reach the following conclusions:

1. If unit quotation is based on average overhead price construction and the firm's offering consist of only essential components (*i.e.*, combination 1-1), then a change to fragmented quotation will neither increase nor decrease the availability of lower priced funerals to the consumer. The effect would be identical to the results of employing combination 2-1.

Discussion.—Since in these approaches the consumer pays only for items he desires and the pricing approach (*i.e.*, average overhead) has already been decided upon, the total price would be identical in either case. Under the conditions specified, fragmentation is no more useful here than it would be to a new car buyer who is given a dollar breakdown of the essentials, such as chassis, engine, wheels, etc., as distinguished from extras. (This does not suggest that optional items connected with funerals, as previously mentioned, or the so-called "optional extras" for automobiles, such as air conditioning or power windows, are properly included in the standard price for either product.)

2. If fragmented quotation including only essential items and based on average overhead price construction is used, lower cost funerals would be eliminated. The effect would be identical to the results of employing combination 1-1, as discussed in the preceding paragraph and elsewhere in this memorandum.

3. If either unit or fragmented quotation, including nonessentials and based on average overhead price construction (combinations 3(a)-1 or 3(b)-1), is used, lower-priced funerals will be eliminated for the reasons already discussed. The consumer disadvantage, moreover, would be increased due to the inclusion of nonessentials.

Consider now the relative availability of lower-priced funerals when graduated recovery price construction is employed. I reach the following conclusions:

4. If unit quotation is used, based on graduated recovery pricing, and the standard service unit consists only of essential components (combination 1-2), then a change to fragmented quotation-average overhead pricing can be expected to lead to a decrease in the availability of low-cost funerals.

Discussion.—Because graduated recovery pricing focuses on the overall profitability of the firm and is not constrained by the notion that *each* funeral must return all expenses contained in an average, plus profit, it permits a funeral director to budget a total firm profit while also taking into account the need to make available low-priced funerals. Average overhead pricing methods essentially foreclose the possibility of offering lower-priced funerals. Average overhead pricing relies on an average of the fixed and common expenses which dominate funeral service costs, and which cannot satisfactorily be traced to *each specific funeral*. It then accepts this average as the "true" cost of each and every funeral, a notion which cannot be supported by sound economic or accounting reasoning.

We have now considered every pricing-quotation combination in Figure 2 except 2-2 and 3-2. The consumer disadvantages of 3-2 (fragmented quotation including non-essentials) are obvious and need no further discussion.

At first glance, some might assume combination 2-2 (fragmented quotation with graduated recovery pricing) to be the optimal choice. As a practical matter, however, this is not a viable combination, since it is unlikely that a funeral director operating under a mandatory fragmented quotation system would risk communicating explicitly that he is charging varying prices for identical fragment offerings²

² "Offerings" must be distinguished from "actual services performed." The nature and extent of each of the items and services used in the standard funeral service may vary from family to family.

particularly because there is no cost justification for this practice. Insofar as this is true, once again the practice is likely to converge toward an average overhead per funeral pricing method and a corresponding decrease in the availability of lower-priced funeral services.

A further general comment seems necessary in view of the erroneous impression held by some that fragmentation necessarily results in lower-priced funerals. In my opinion, this is a fallacy. Assuming that the components are those deemed essential, then any dollar reduction by eliminations will result in a lower expenditure but at the same time such reductions can also result in lower-income persons being forced, for reasons of price, to be deprived of items they would otherwise deem essential and thus be required to accept something less than the funeral they would have desired.

Of course, if the decision to eliminate is the consumer's free choice, if it is his opinion that items the community normally expects are neither useful nor desirable to him, then such items should be eliminated and appropriate price adjustment made. Such persons should not be required to conform to community preferences any more than low income purchasers should be forced to accommodate to average expense patterns.

Furthermore, the funeral director who quotes these universally desired elements, including casket, as a unit, and is not constrained by the necessity of assigning a uniform price to each fragment, can make all the desirable components of a funeral available within a price range wide enough to meet the needs of the total community, thus making price reduction by elimination unnecessary.

Summary and concluding comments

The general answer to the question posed at the outset is that fragmented quotation may lead to a decrease in the availability of lower-priced funerals. In brief, simply fractionalizing price is of little value to the consumer and has a potential of being detrimental. In my judgment, responsible funeral directors and public policy officials should continue the development and implementation of full disclosure guidelines for the essential components of standard funeral services rather than experiment with quotation alternatives which promise more costs than benefits to the consumer. The important consideration is how the price is arrived at, not how it is communicated, providing the communication is clear and complete and does not result in artificially increasing the price.³

ALFRED RAPPAPORT.

STATEMENT OF ALBERT S. LINEBERRY, PAST PRESIDENT OF NATIONAL SELECTED MORTICIANS, EVANSTON, ILLINOIS, ACCOMPANIED BY DAVID C. MURCHISON, LEGAL COUNSEL

Mr. LINEBERRY. Thank you, Mr. Diggs.

On my left is Mr. David C. Murchison, Legal Counsel for the National Selected Morticians.

If I may just read the first few pages of my statement and the last, I will submit it for the record, and then discuss that with you, sir.

Mr. DIGGS. Mr. Lineberry, your entire statement has been submitted for the record, and it would be useful if you would indicate something about the National Selected Morticians and the fact that they select one member of the profession per community and other characteristics like that for the record, so that people will know what the National Selected Morticians is all about.

Mr. LINEBERRY. We have an organization comprised of 800 funeral homes over this country and other countries. There is no limitation at which one community—as to how many members can be in that community. It's open for membership.

³ Associations in the field, such as National Selected Morticians and National Funeral Directors Association, have adopted published procedures calling for conspicuous disclosure of the price of the funeral, together with full disclosure of the components thereof.

Membership qualifications have to be met so far as the financial stability of the organization, the displaying of costs and prices plainly has to be placed in each selection room of each service available.

Also, each funeral home must have a complete establishment. We have developed a code of funeral practice which was developed seven, 8 or 9 years ago, which every funeral home who is a member of the NSM must adhere to and is patrolled by us, policed by us. And it does have earmarks that when we find a member and we have on occasion, we found members who violated a section of this code, they are reprimanded and so disciplined.

The organization, as I said, is open to any funeral home who meets the requirements in this country set aside by the laws of the organization.

Mr. DIGGS. You have one member in the District of Columbia, am I correct in that?

Mr. LINEBERRY. Gawler's were. They are not a member today.

Mr. DIGGS. Do you have any members then that are in the District of Columbia?

Mr. LINEBERRY. Humphrey is a member.

Mr. DIGGS. That is beyond Washington.

Mr. LINEBERRY. No members in Washington.

Mr. DIGGS. Gawler's is no longer a member?

Mr. LINEBERRY. No, sir.

Mr. DIGGS. Gentlemen, you may proceed.

Mr. LINEBERRY. My name is Albert S. Lineberry. I am a funeral director in Greensboro, North Carolina. I am past president of National Selected Morticians, a non-profit association of funeral firms, and I am presently Chairman of the Consumer Information Bureau of National Selected Morticians. I am also president of the North Carolina Funeral Directors Association. I am pleased to have the opportunity to present my views on H.R. 13492 and H.R. 13969, and I am confident that the overwhelming majority of my fellow members of National Selected Morticians concur completely in these views.

I certainly support the requirement in both bills that the person making the funeral arrangements should be furnished a written statement disclosing the services and merchandise to be furnished. Indeed, the Code of Good Funeral Practice of National Selected Morticians requires each member "to quote conspicuously in writing the charges for every funeral offered; to identify clearly the services, facilities, equipment and merchandise included in such quotations;" "to furnish to each family at the time funeral arrangements are made, a written memorandum of charges and to make no additional charge without the approval of the purchaser."

H.R. 13492 AND H.R. 13969

However, I oppose H.R. 13492 and support H.R. 13969 because of one crucial difference between the two bills. H.R. 13492 has the additional requirement of furnishing to the purchaser an itemized list of the price of each service or item of merchandise that is part of the basic standard funeral package or unit. Both bills would require similar price itemization of supplemental items of service or merchandise

requested by the purchaser, and this is desirable. I oppose the necessity under H.R. 13492 of assigning a specific price to each and every service and item of merchandise that is part of the basic funeral unit, for this would have the result of eliminating the low priced funerals that are otherwise available as dignified segments of the community without having to ask for outright charity, or for that matter, as choices for anyone who, for whatever reason, wishes to spend a lesser rather than a greater amount for a traditional standard funeral. Let me explain how the price itemization of all standard funeral components leads to higher priced funerals.

FUNERAL PRICING METHODS

When a funeral director has to assign a specific price to each of the individual items of service and merchandise that constitute the traditional standard funeral, he has to calculate a price for that item that will recover its cost and the portion of total overhead that can be attributed to the item. This means that there will be a single price for each component of the standard funeral and that every purchaser, rich or poor, of a standard funeral will pay the same total price for the basic funeral package, namely the sum of the itemized separate prices, except of course variations in the casket price due to the quality chosen. Thus under the itemization method of pricing, there is no way to offer lower prices to the less fortunate purchasers of a standard funeral without making outright charity discounts. I do not believe anyone would advocate forcing a less fortunate family to have to accept charity in a time of grief if another method of pricing by the funeral director would achieve the same result by giving that family the free choice of a low priced funeral selected with dignity.

The other method of funeral pricing to which I refer is some form of what is known as graduated recovery of total costs. It is based on unit pricing, which consists of establishing a range of single total standard funeral prices, correlated to the quality of the casket selected and including the standard or necessary items of services, facilities, staff, and equipment to meet the needs and customs of a given community.

Under unit pricing and graduated recovery of total costs the funeral director does not have to calculate the average cost and overhead recovery that he must charge for each standard funeral and for each component of each standard funeral in order that each funeral and each component contribute its share of costs and overhead. Rather, under graduated recovery he can graduate the proportion of costs and overhead that a funeral at each price level is his range of prices contributes to his total costs and overhead. This means that in meeting his social and community responsibilities the funeral director can offer at the low priced funerals because he recovers the totality of his costs and overhead from his funeral sales taken as a whole and because in utilizing unit pricing he gives an over-all single price to each funeral. Thus he does not have to cost account an allocated contribution to total costs for each component item of service and merchandise as occurs under the itemization method.

I do not wish to imply that I support a prohibition of itemization and a requirement of unit pricing or graduated recovery. In our free enterprise economy every funeral firm should be free to price in the

manner it wishes as long as it does not deceive or misrepresent. What I oppose is mandating price itemization by law so that the funeral director is not able to offer low priced funerals in accordance with his concept of social responsibility. Several states have enacted legislation requiring itemization of funeral prices, and I would hate to see poor families in the rest of the United States burdened by higher funeral prices as the result of the encouragement of itemization through legislation given the stamp of approval by the Congress of the United States.

STUDY OF ITEMIZATION

At this point I wish to note that several months ago National Selected Morticians asked Professor Alfred Rappaport of the Graduate School of Management at Northwestern University to make a scholarly study of the effect of fragmented quotation or itemization on funeral prices. Dr. Rappaport is Professor of Accounting and Information Systems and as an authority on costing and pricing is eminently qualified to make this study of funeral service pricing. He concluded that itemization of this type contemplated by H.R. 13492 eliminates lower priced funerals. I wish to include his report in the record of this hearing as an appendix to my statement.

In conclusion, I wish to make additional comment about H.R. 13969, which I support. This bill would completely protect the funeral purchaser in the District of Columbia without placing on him the additional burden of higher priced funerals. H.R. 13969 provides for adequate disclosure by requiring a list of all services and merchandise included in the funeral, of prices of supplemental items requested by the purchaser, and of cash advances, as well as requiring a description of the method of payment. Indeed, these provisions are similar to requirements enacted in Maryland and Virginia, and I am sure funeral purchasers are better off in those states with such requirements but no necessity of price itemization.

That concludes my statement, Mr. Chairman.

Mr. DIGGS. Thank you very much.

I note that Mr. Murchison, your General Counsel, also has a statement. How can we handle this most expeditiously?

Mr. MURCHISON. I would like to submit it for the record only, Mr. Chairman.

(Mr. Murchison's statement follows:)

STATEMENT OF DAVID C. MURCHISON, LEGAL COUNSEL FOR NATIONAL SELECTED MORTICIANS

My name is David C. Murchison. I am a member of the Washington law firm of Howrey, Simon, Baker & Murchison, legal counsel for National Selected Morticians (abbreviated as NSM), a non-profit association of funeral firms having its headquarters offices at 1616 Central Street, Evanston, Illinois.

NSM supports the principle found in the provision in both H.R. 13492 and H.R. 13969 that the person making the funeral arrangements should be furnished a written statement disclosing the services and merchandise to be furnished by the funeral firm.

However, NSM opposes H.R. 13492 because of its provision that also requires separate pricing of each service or item of merchandise. Separate pricing of this nature—as in the case of most other forms of a la carte pricing—inevitably will have the economic effect of eliminating the less expensive funerals that are ordinarily included in the range of funerals offered by funeral firms. This result is not in the consumer interest, and the probability is that persons in the com-

munity with less than average means will be deprived of these previously available low-priced funerals.

An analogy may be helpful. Several years ago, Congress enacted motor vehicle legislation requiring disclosure of price information on a sticker attached to new vehicles at the time of purchase. The manufacturer was required to disclose the price of the basic unit and also to disclose the price of each optional extra. The manufacturer was *not* required to assign a separate price for each component making up the basic unit, such as the price of the wheels, the seats or the carburetor. The theory of that legislation was that a full description of the basic unit, together with its price, constituted adequate disclosure, provided the prices of optional extras were fully itemized.

While the analogy of motor vehicle pricing to funeral pricing perhaps is not a perfect one, it makes the point that it is the optional extras that should be the subject of price itemization and not the basic unit itself. It is in this respect that the two bills differ.

It has been pointed out by Mr. Lineberry that, since in itemization each component has its own specific price, all the services furnished by the funeral director that comprise a standard funeral will cost the same to all purchasers, whether rich or poor, because the prices of the itemized components will add up to the same total price for all purchasers. I might add that under the itemization method of pricing, the only means that a poor purchaser can utilize to reduce his total bill is by eliminating some of the traditional components ordinarily included in the funeral service. Thus, under the itemization method, a poor family will have to pay the same price for a traditional funeral as will the most affluent family in the community since each component has its own predetermined individual price. Consequently, the only way to adjust the price downward for the poor family, other than the humiliating method of making that family a charity case, is to eliminate some of the essential components.

UNIT PRICE METHOD

Under the unit method of pricing, wherein one price is charged for the components comprising the basic funeral unit, the funeral director is not forced to create a price for each component which will recover the cost of that component. Rather, because he has the flexibility that results from a single price for a number of items, he is able to offer a range of unit prices from low to high, correlated to the choice of caskets. He does this by looking to the recovery of the firm's total legitimate expense from total revenues and without the necessity of allocating a uniform theoretical individual cost to each funeral.

It is important to point out that there is a good deal of confusion about what is meant by unit pricing and what is meant by itemization. Under the unit price method, as I use the term, the components of the unit are the goods and services customarily desired by the purchaser and do not include optional extras. Typically included in the basic unit are the following:

- (1) Professional and staff services.
- (2) Care and custody of the body.
- (3) Use of the funeral home.
- (4) Specified automotive equipment.
- (5) Acknowledgment stationery.
- (6) Casket.

In practice, all other services and items of merchandise such as vaults, clothing, additional automotive equipment, newspaper notices, flowers, and cemetery charges are itemized.

In other words, H.R. 13969, which NSM supports, cannot be characterized as a non-itemization bill. Just as in H.R. 13492, the optional extras and the cash advances, both of which can be quite numerous, must be itemized in a listing with their separate prices indicated. It is the requirement present only in H.R. 13492, that prices be created and itemized for each of the minimal components of the basic funeral that NSM opposes, for it is in this area that itemization eliminates the low priced funerals.

In NSM's view, if the purchaser desires to eliminate any component from the standard unit, then a downward price adjustment should be made. NSM in its Code of Good Funeral Practice requires its members "to follow a policy of reasonable adjustment when less than the quoted offering is utilized." This policy of adjustment, of course, accomplishes the same result as the claimed pick-and-choose benefit of the itemization method of funeral pricing without including the drawbacks of the itemization method that have been mentioned.

As indicated by Mr. Lineberry, the provisions of H.R. 13969 are similar to requirements that have been enacted by statute in Maryland and adopted by regulation in Virginia. As in H.R. 13969, neither of these states requires price itemization of the components of the basic funeral unit. The Maryland statute provides for the revocation or suspension of a funeral director's license if he fails to give at the time funeral arrangements are made, to the person making or ordering a funeral a written statement which contains the following: the services including merchandise selected and the total price therefor; the supplemental items of service and/or merchandise requested, and the price of each such item; insofar as it can be specified at that time, the items for which the funeral director will advance his money as an accommodation; and the terms or method of payment. The Virginia regulation requires the funeral director to furnish in writing information as to the cost of the service that the family has selected and what is included therein, and individually itemized each of the supplemental items of service and/or merchandise requested, and also requires information as to the terms and method of payment. H.R. 13969 will permit the District to benefit from the experience of Maryland and Virginia. I wish to include the Maryland statute and the Virginia regulation in the record of this hearing as attachments to my statement.

NSM believes it to be the primary purpose of responsible funeral service pricing to make funerals freely available in a price range wide enough to meet the needs of all income groups in the community. NSM believes that the total public, not just that portion which meets the funeral director's self-created standards, should be privileged to bury their own dead in the manner of their own choice. And NSM is especially concerned for the abilities and sensibilities of that large and growing number of senior citizens who are living on fixed and inflation-eroded incomes.

In short, NSM supports H.R. 13969 because it permits unit pricing, and unit pricing permits the use of socially responsible and competitive pricing practices designed to meet the needs and desires of the market. Itemized or fragmented pricing denies this option to the funeral director. It forces him to construct his prices by an inflexible arithmetical formula which takes into account only the needs of the funeral director, such as meeting costs and overhead, disregarding the satisfaction of the market. This NSM believes to be contrary to the doctrine of fairness and, if made mandatory, would encourage or enforce non-competitive behavior.

In conclusion, I would like to make a final point indicating the economic and social undesirability of the kind of price itemization contemplated by H.R. 13492. In the funeral service field, not one voice has ever been raised to propound or to claim unit pricing as a means or method of increasing the funeral director's profits. But the same cannot be said of the price itemization method. In the latter case, there have been repeated declarations by marketing experts and other writers on funeral pricing that the funeral director should turn to price itemization in order to reap greater profits. As evidence of this neglect of social responsibility, I wish to cite some of these writers.

Dr. Roger D. Blackwell, a marketing consultant in the funeral service field, advocates that the funeral director charge a separate fee for his professional services and facilities rather than including them in the basic unit. He declares that the number of unprofitable funerals would be decreased, that better caskets would be sold, and that if enough consumers bought high priced caskets, the profitability position of funeral directors might improve.

Earl T. Newcomer, a consultant to the funeral service field for many years, has consistently asserted in his periodical *Progressive Mortuary Methods* that the fragmented pricing approach tremendously reduces funeral sales losses and has increased average funeral sales prices to a greater extent than any other one move made in quite some time. He has declared that it is no coincidence that the three highest profit funeral firms that he has ever known utilize fragmented pricing, and he cites as an example a large funeral firm that made over half as much money in the first thirty days after switching to fragmented pricing as it had made in the entire previous year when using unit pricing.

In the March 1969 issue of his *Progressive Mortuary Methods*, at page 4, Mr. Newcomer sets forth a letter from a funeral director reporting that his sales rose from an average of \$759 when he was using the complete or standard funeral price to an average of over \$1,028 since using Newcomer's fragmented pricing methods. In the July 1970 issue of his periodical, at page 3, Mr. Newcomer mentions a meeting of New York State funeral directors who reported increases in sales as high as \$200 to \$300 per funeral due to the institution of fragmented

pricing in which services, facilities, equipment and the casket were priced separately.

Louis F. Meola, a certified public accountant specializing in costing and pricing systems for funeral firms, has published in the August 1973 issue of the periodical *American Funeral Director* an article entitled "Itemization May Increase Your Total Profit Margin." He states that at first glance itemization may seem to be a burden imposed upon funeral directors in the four or five states that require it, but that actually itemization is a blessing for most of these funeral directors. He points out that he is either consultant or accountant for more than one hundred funeral homes and that, in almost every instance, the funeral directors had been underpricing their services. It is easy to see that, if one follows Mr. Meola's concept, there will be little room left for low priced funerals.

It is my considered judgment that H.R. 13969 will fully protect the consumer and is in the public interest. I urge the Committee to approve it.

ART. 43, § 354 ANNOTATED CODE OF MARYLAND

§ 354. Revocation or suspension of license.

(c) Unprofessional conduct which is hereby defined as follows:

(15) Failure to give or cause to be given, at the time funeral arrangements are made, to the person making or ordering a funeral a written statement which contains the following:

- (i) The services including merchandise selected and the total price therefor;
- (ii) The supplemental items of service and/or merchandise requested, and the price of each such item;
- (iii) Insofar as it can be specified at that time, the items for which the funeral director will advance his money as an accommodation; and
- (iv) The terms or method of payment.

(1973, ch. 323.)

VIRGINIA REGULATION

3. Statement of Services. Every funeral service licensee and or funeral director shall furnish in writing to any person contracting for any services or supplies to be provided under the definition of the "practice of funeral service" the following information to the extent applicable:

(a) The cost of the service that the family has selected and what is included therein, and individually itemized each of the supplemental items of service and or merchandise requested;

(b) The sum of any amounts credited as downpayment;

(c) The difference between the amounts set forth in paragraphs (a) and (b);

(d) The number, amount and due dates or periods of payments scheduled to pay the indebtedness;

(e) The rate of discount, the date by which or period within which the discount may be taken, and the date by which or period within which the full amount of the obligation is due and payable; and

(f) The default, delinquency or similar charges payable in the event of late payments.

The disclosures required herein shall be made prior to execution of the contract. Compliance may be attained by disclosing such information in the contract or other evidence of indebtedness to be signed by the obligor. Written acknowledgement of the receipt by one of the persons to whom a statement is required to be given pursuant to this section shall be conclusive proof of the delivery thereof and, unless the violation is apparent on the face of the statement, of compliance with this section. Evidence of compliance with the requirements imposed under this section shall be preserved by the funeral service licensee and or funeral director for a period of not less than two (2) years after the date each disclosure is required to be made.

Mr. DIGGS. Will you make yourself available for questions?

Mr. MURCHISON. I would like, if I may make several brief comments, not included in my statement, if I may.

Mr. DIGGS. May I inquire if Mr. Gude has any questions before you respond.

Mr. GUDE. No, Mr. Chairman.

We have a quorum call. We have got the second bell.

Mr. DIGGS. You have any questions.

Mr. GUDE. Not at the moment.

Mr. DIGGS. Counsel, you may proceed for supplementary remarks.

FEDERAL TRADE COMMISSION

Mr. MURCHISON. Very briefly, Mr. Chairman, let me say a word about the Federal Trade Commission investigation, if I may, as it relates to the subjects we have been discussing this morning. That investigation, Mr. Chairman, has been going on since November of 1972. By our calculation, in that period of time, which is well over a year, not one single instance of wrongdoing has been the subject of a proceeding by the Federal Trade Commission under the statutes and its procedure. Nor has any other corrective action been taken, nor has the necessity of any corrective action been suggested. They have issued, in addition to a number of press releases, the survey of funeral prices in the District of Columbia. We think that if the Committee takes a close look at it, at that survey, it will find that there is a wide variety of prices of funerals available to consumers in the District of Columbia. This would be ranging from funerals at the very low end of the run to more expensive funerals.

Certainly, no one can conclude from the data contained in that record there was any unavailability of the low funerals in the District of Columbia.

Our knowledge in NSM is that in states which have mandated itemization prices have increased, and the availability of lesser priced funerals has declined.

Mr. DIGGS. Does counsel have documentation for that point?

Mr. MURCHISON. I think we may be able to develop documentation for you.

Mr. DIGGS. Would you submit it for the record?

Mr. MURCHISON. I shall, Mr. Chairman.

I say in my statement on page nine, I do cite the reports from the funerals, funeral field, showing that in New York, funerals sales or funeral prices, I beg your pardon, have increased as much as \$200 to \$300 per funeral. There is simply no question about it, Mr. Chairman, and we would be pleased to submit a supplemental memorandum to the Subcommittee on this subject.

I mentioned it in the context of the Federal Trade Commission for this reason. I doubt very seriously and would be very surprised if the Federal Trade Commission has any information on what is going on in New York and New Jersey. The two states which have mandated itemization and which data would be available. It seems to me that the FTC could spend some valuable time actually developing the facts in jurisdictions such as New Jersey and New York.

I heard them say this morning that they would submit to the Committee such information as they have. I am going to predict it is very little, and that no real survey has been conducted there.

I would also say that they are not qualified at this juncture to comment upon the effects of itemization. I think that is all that I have, Mr. Chairman, and we appreciate the opportunity to be here.

Mr. DIGGS. Mr. Hogan.

Mr. HOGAN. I have no questions.

Mr. DIGGS. You said, Mr. Gude, you didn't have any questions.

Mr. GUDE. No questions.

CODE OF ETHICS

Mr. HOGAN. One question, Mr. Chairman. Do I understand you have a code of ethics; is that what you said?

Mr. LINEBERRY. We have a code of good practices which members must adhere to.

Mr. HOGAN. That varies somewhat from the guide that the group that preceded you has?

Mr. LINEBERRY. You are speaking of NFDA?

Mr. HOGAN. Yes.

Mr. LINEBERRY. I think they are very similar. Ours are probably a little more stringent.

Mr. HOGAN. Would the committee be able to have a copy of that?

Mr. LINEBERRY. Yes, sir.

NSM CODE OF GOOD FUNERAL PRACTICE

As funeral directors, our calling imposes upon us special responsibilities to those we serve and to the public at large. Chief among them is the obligation to inform the public so that everyone can make knowledgeable decisions about funerals and funeral directors.

In acceptance of our responsibilities, and as a condition of our membership in National Selected Morticians, we affirm the following standards of good funeral practice and hereby pledge:

1. To provide the public with information about funerals, including prices, and about the functions, services and responsibilities of funeral directors.

2. To afford a continuing opportunity to all persons to discuss or arrange funerals in advance.

3. To make funerals available in as wide a range of price categories as necessary to meet the need of all segments of the community, and affirmatively to extend to everyone the right of inspecting and freely considering all of them.

4. To quote conspicuously in writing the charges for every funeral offered; to identify clearly the services, facilities, equipment and merchandise included in such quotations; and to follow a policy of reasonable adjustment when less than the quoted offering is utilized.

5. To furnish to each family at the time funeral arrangements are made, a written memorandum of charges and to make no additional charge without the approval of the purchaser.

6. To make no representation, written or oral, which may be false or misleading, and to apply a standard of total honesty in all dealings.

7. To respect all faiths, creeds and customs, and to give full effect to the role of the clergy.

8. To maintain a qualified and competent staff, complete facilities and suitable equipment required for comprehensive funeral service.

9. To assure those we serve the right of personal choice and decision in making funeral arrangements.

10. To be responsive to the needs of the poor, serving them within their means.

We pledge to conduct ourselves in every way and at all times in such a manner as to deserve the public trust, and to place a copy of this Code of Good Funeral Practice in the possession of a representative of all parties with whom we arrange funerals.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. GUDE. One quick question, Mr. Chairman, and I will have to go to the quorum call. Does your code provide that if in pricing procedures, that if the client wishes to—stated clearly, if the client or the consumer wished to deduct a certain item, then this is possible. How does that operate under your system?

Mr. MURCHISON. He must adhere to the client's wishes. If not required by that family, he must make some type of allowances toward this end. The code expressly requires the funeral firm to grant an

adjustment for any component for the funeral unit which the family does not desire, and an adjustment in price must be made; a downward adjustment must be granted. This is a mandatory provision of the code. We think that when the components of the units which are very few, by the way, we speak of unit pricing, that is including many, many items of service in the unit; quite to the contrary, it contains a very few number of things. And in general, all these other things that that are customarily desired, arranging a funeral, if any one of those components or component elements is not desired, then as I say, an adjustment is required. And it seems to us that the bill proposed by Mr. Broyhill makes it possible for the consumer who sees the itemized list to make a request for an adjustment or to indicate that he does not desire one of the items listed. He is fully able to do that. The disclosure would be, as we understand it, full and complete.

LOW COST FUNERALS

Mr. DIGGS. I just have two questions. Number one, on page two of the statement from Mr. Lineberry, he indicates that itemization would eliminate low priced funerals. This has been a theme which has run through the testimony thus far of the professional associations. I find it difficult to understand that statement because I just don't know of any mortician who will turn down a family because they don't have enough to reach the minimum on his floor. And to suggest that this change or any other change would result in the elimination or availability of low priced funerals, to me hasn't been supported.

Mr. LINEBERRY. I think—

Mr. DIGGS. You might—I would like you to be more responsive to that particular question, because I think that is one of the keys to this whole dialogue on the question of low cost funerals if they are available. Now, are you suggesting that they would not be available under an itemization kind of program?

Mr. LINEBERRY. You and I agree wholeheartedly on this question. When you start itemization of basic services within this field of work, then you have to put a price on the basic things that have to be done. Maybe there are three, maybe five, maybe ten. The basic cost must be directed to each one of these itemizations. That becomes a minimum cost of service to any family that comes into that funeral home.

Mr. DIGGS. Say that adds up to \$900, and the family comes in with \$300 or \$400.

Mr. LINEBERRY. My contention is that a low end of selection for any family should be available in all funeral homes. And this simply means if you have an \$800 cost figure that you feel you have to recover from every family, it eliminates the low priced funeral. \$800 is not a low priced funeral to me.

Mr. DIGGS. Well, still if a family comes in with \$300 or \$400, sir, you are going to serve them, aren't you?

Mr. LINEBERRY. Yes, sir.

Mr. DIGGS. And you are going to discount that. That involves some kind of an accommodation discount.

Mr. LINEBERRY. What I am suggesting is this—that the selection for that family be automatically for them to spend that \$300 or \$400.

For instance, in my funeral home, if you wandered in there today, you could select a complete funeral with a casket for as low as \$370 or \$380, and arrangements on right up to the spectrum.

Mr. DIGGS. What kind of casket; what is your minimum unit?

Mr. LINEBERRY. The unit price system, \$375, I think it is today. It could be \$385. I have to go back there to be sure. It's between \$375 and \$385, and that is the complete funeral service.

Mr. DIGGS. Does this include a casket?

Mr. LINEBERRY. Yes, sir.

Mr. DIGGS. What kind of a casket?

Mr. LINEBERRY. A cloth covered wood casket usually.

Mr. DIGGS. A plain type or hinged bound top?

Mr. LINEBERRY. A hinged panel, and lid over it. But you see the point, sir, is that we believe that any family whether they are fortunate or less fortunate, they should have the right to select in the low-range funeral services. You cannot do this if you have to go out, set a price and itemize each particular basic thing that has to be used.

Mr. DIGGS. All right. I have one other question. Suppose you emptied the first unit or the first two units that you use. There are firms that have one service below the break even point and sort of have an A, B, C kind of operation. Suppose there were some exceptions of that, so the itemization would start at the break even point, so you would not be concerned with that. You would still have the available low price units at a unit figure as you have it on your floor now.

Mr. LINEBERRY. I do now, but my concern, Congressman, any family who calls us should have the same prerogative that any other family has for a funeral whether they have a million dollars or what.

If they would want to spend \$385, I think they should have that right as the person who does not have the money should have the right to do so.

Mr. DIGGS. Mr. Hogan.

Mr. HOGAN. Mr. Lineberry, what would you charge the individual who wanted the same funeral that you offer for \$385, and got an itemized billing for it. What would you charge?

Mr. LINEBERRY. Of course, sir, this would be—have to be an estimate. I would say roughly \$150 to \$200 more. Then, you have to itemize what the use of that facility is, what that visiting room is, what the use of that transportation back to the hospital was, what all the expenses would be, whether the man got up at 3:00 o'clock in the morning; and under the wage and hour laws, you would have to pay him time and a half if he did get up at 3:00 o'clock. So these things vary a great deal.

Mr. FREEMAN. Isn't that possible in that situation on the low end that you would not charge people for certain services, and that is included?

Mr. LINEBERRY. I think this is discrimination for the less fortunate person. I wouldn't want to be put in a position to suggest to a less fortunate person something, because they may have to assume, because this is priced this way that I am going to give them less service.

Mr. FREEMAN. What about when the less fortunate person goes into a restaurant and he can't afford a steak, he will be embarrassed, too.

Mr. LINEBERRY. But we are going to give him the chance under this particular system.

Mr. FREEMAN. How did you arrive at the \$375 figure?

Mr. LINEBERRY. We arrived at the \$375 figure—we think it is a fair figure within the community that we are responsible to.

Mr. FREEMAN. That is a loss leader for you?

Mr. LINEBERRY. When you speak of losses, it's interesting. For instance, I may have paid \$10,000 worth of income tax to the Federal Government, but my brother paid \$1,000. Now, did the Government lose the \$9,000? The services are the same. I get the same services you see. So it's not the amount of dollars it takes to operate.

Mr. DIGGS. That is a poor analogy unless he is the President and he is paying on the basis of his income. [Laughter.]

Mr. LINEBERRY. He is getting the same services from you with the \$385.

Mr. DIGGS. There is no question about the fact that anybody in the country or anybody in the District gets the same service from this committee whether they make \$1,000 or \$50,000. I think that is a poor analogy.

Mr. MURCHISON. Let me add something if I may. I think our basic position is that to be clear about it, if a funeral firm is willing to recover less of his overhead from a lower priced unit than from a higher priced funeral, and therefore, this would make available a greater number of lower priced funerals. I think that legislation, that this legislation or this committee would discover that that is undesirable. That is our position in that we ought to take a real close look at it, because the long-term interest of the funeral director is the same as for the long-term view of the consumer. And that is lower prices, not higher prices.

We feel that in our agency to provide full disclosure, we might be trying for higher prices. And that really is our position.

PRICE TAGS

Mr. DIGGS. One final question, Mr. Lineberry. Do all of the members of NSM have a price tag on their low units?

Mr. LINEBERRY. Yes, sir.

Mr. DIGGS. That is part of your code?

Mr. LINEBERRY. Yes, sir. That is part of—one of the requirements that you must fulfill.

Mr. DIGGS. You must have the price tag on it?

Mr. LINEBERRY. Yes, sir.

Mr. DIGGS. I was getting to the question of, you know, suppose you left the price tag off, and whatever the family had under your break even point, it would be understood whatever that minimum service was, that it would be available. There are progressive members of the profession who do that.

Mr. LINEBERRY. Yes.

Mr. DIGGS. Who have no price tag as an accommodation, as a newcomer would say, provide a service for whatever the family has.

Mr. LINEBERRY. Our position is that—

Mr. DIGGS. As a matter of good will.

Mr. LINEBERRY. Our position is whatever a customer selects from us must have a price on it. Now, of course, we do services for nothing where the need is there, where there are no funds available for indigents and this type of thing. This is part of our responsibility to accept that. If it is in the selection room, it has to have a price on it.

MEMORIAL SOCIETIES

Mr. DIGGS. Now, are any of your members or affiliates serving the Memorial Societies?

Mr. LINEBERRY. I really cannot answer that, Congressman. I do not know. We serve them when they call.

Mr. DIGGS. They are served by some licensed morticians.

Mr. LINEBERRY. We would serve them. We have had memorial services. I thought you meant on a contract as such.

Mr. DIGGS. No, not on a contract, any kind of services that meets the requirements of Memorial Societies that you would not offer, if you were called upon to do so.

Mr. LINEBERRY. We offer them all, and it is perfectly plain in our entire manual to any employee we have, and I would assume all funerals have the type of manual that would give these costs and prices.

Mr. DIGGS. Thank you, gentlemen.

Mr. LINEBERRY. Thank you, sir.

Mr. DIGGS. I would like to have Mrs. Heckler come forward please.

Mrs. Alison W. Heckler, Americans for Democratic Action, Greater Washington Chapter, Washington, D.C.

STATEMENT OF MRS. ALISON W. HECKLER, AMERICANS FOR DEMOCRATIC ACTION, GREATER WASHINGTON CHAPTER, WASHINGTON, D.C., AND EDWARD M. KNAPP, PRESIDENT, MEMORIAL SOCIETY OF METROPOLITAN WASHINGTON

Mrs. HECKLER. No, sir, from the National Chapter.

Mr. DIGGS. From the National Chapter. This is in her capacity as it relates to the Americans for Democratic Action consumer interest.

Mrs. HECKLER. Backing the Democratic Central Committee.

Mr. DIGGS. And Mr. Edward M. Knapp, the President of the Memorial Society of Metropolitan Washington.

I am going to ask Mrs. Heckler—she has a prepared statement that I am sure she can handle in summary fashion without any problem.

You may proceed. You have been waiting all morning.

Mrs. HECKLER. That is all right. I have the ice pack with ice, and I am fine now.

I will skip the statement for the most part as you say. I would like to address myself to some of the questions raised in the hearing so far.

Mr. DIGGS. You may proceed.

Mrs. HECKLER. My name is Alison Heckler. I am here today representing the Consumer Affairs Committee of the Americans for Democratic Action and the D.C. Democratic Central Committee. I am active in the consumer affairs for these two groups and have

recently completed a rather lengthy report on all of the funeral homes for the District of Columbia, which will be coming out within a month. We have heard of horror stories when a person goes walking in and asks prices of caskets and gets a double-sided bill.

My husband works for a life insurance company, and he brings home the occasional story of the funeral home sending the bereaved into his office to file for insurance, and they say just make the check out to me.

Needless to say, the insurance companies don't do it, and we think it is kind of sad.

COMPETITION

One of the things that the FTC people did not point out which I think is very interesting is that there—although we feel that the competition is lacking in the District, definitely there is a 77 per cent price variation between the cheapest funeral available, and in the report it shows that 52 homes which were reported on in the summary, table of the report did not sell the low cost funeral. 77 per cent is a lot. \$690 is the cost of the cheapest funeral within the District. However, there is only 73 per cent that have the average funeral, which is \$1,330. 69 per cent of those homes did not do less than 10 per cent of their funeral business in a funeral A, and B, the cheaper funerals as the FTC defines them. Another 45 per cent did some—did less than 10 per cent of the funeral C work. We know what the income brackets are within the District of Columbia; and as a consumer group, we think it is very sad that these firms are doing such a small proportion of the funerals which are performed in the lower priced bracket ranges.

We have to assume simply because of the consumer's ignorance that this comes about. The consumer doesn't know the cheaper casket or a cheaper service is available. And we feel that this bill—a bill such as yours and Congressman Broyhill's—will help alleviate this.

Second, other homes have no set prices. This leads to abuse and certainly leaves them open for accusations. I forget which homes were the established—I wouldn't recognize them if I looked at the names. They leave themselves wide open for abuses. Well, if you go in and you are well dressed, lots of money, it will cost you \$600 more. They may not do it. I don't know. I am saying only they leave themselves open for the accusations.

One of the things I would like to do is thank you mostly for both of these bills which have penalty provisions involved. Currently, in the District of Columbia, an undertaker's license can be lifted only in the interest of public decency and for the protection of lives, limbs, health, comfort, and quiet of the citizens of the District of Columbia, and for narcotic addiction. No arrangement for fining a licensee currently exists per se. The whole thing needs to be revised.

We will take it piece by piece, and we are very grateful for the penalty provision in the bills. Narcotic addiction, as I just said, is grounds for having the license suspended or revoked, but no undertakers have had them revoked for many years.

We strongly support price posting for caskets, at least within the District. This is not part of your current bill, but we feel the way the current bills are written, they are not going to be quite as good for the consumer that you all intend. By the time I come into a funeral

home and you sit down with me and write me out an itemized bill, you already have the corpse, and you are trying to tell me that I can get that out of your home and that I could move it into another home, into a cheaper home.

Mr. FREEMAN. That is not necessarily the case. You have the pre-arrangement—you have a different situations. And there are situations where people go to different homes or go to a home just after the death has occurred and before the body has been shipped to the home to make the arrangements to find the best price. It's not always the case.

Mrs. HECKLER. Not always, but I think you would have to agree that the majority of the cases, you call the home and go and make arrangements for the services. And this is where the price problem comes in. So we would ask at least for the posting of your basic casket prices. If you include your maximum fine, we are not objecting to that. We feel that the additional price posting on caskets at least would help in consumer ignorance.

COST ITEMIZATION

We as a consumer group would submit that it is not the price of the funeral that is being regulated, only the form of the bill. And people have been talking here this morning, all morning, really about how itemization raises the cost of the funeral. The man that sat here ahead of me said his cheapest was around \$385, and if he had to itemize the price and so forth, it would add \$100 to \$150.

I am sorry. Just to put ten figures on a piece of paper, it takes ten seconds on an adding machine, and that is going to cost me an extra \$100 or \$150.

Mr. DIGGS. With all due respect to my distinguished member of the profession, I think she is correct, and I think the other members of the profession in the audience know how incorrect that kind of response is.

Mrs. HECKLER. It is absurd. I spend my time, my working time working as an editorial freelancer. I know a little bit about printing cost. We are asking for a form of your bill that when you get your new letterheads, along with the information that you normally have on there, just to have a list of things that you have to write the price by. We aren't asking you to put the price in already. You can change it for every family that comes in. That is not in the bill. What would it be, ten itemized things would be on the piece of paper, and what would that cost if you got 500 letters at one time, five cents a sheet. And to charge me \$100 to \$150 for a five cents sheet, plus thirty seconds of your time to write prices by them, I am sorry, it doesn't work.

RIGHT TO DECLINE SERVICES

We also are very happy with the FTC's comments about the idea of itemizing the thing so it will point out the right to decline. We think this is terribly important. I realize as a funeral consumer, if I want to go into a funeral home, I want a full service home as a full service home. I want not to use it if I do not want it and have a funeral in a church. I realize I must pay him a little for perhaps for his having the chapel, but I don't expect to have to pay him to have

that chapel dusted when I am not going to use it. And there should certainly be some lowering, some discount in cost for declining services. It cannot decline as much or I don't see where it should cost as much when these services are not used.

Mr. DIGGS. Would the woman yield again? In NSM they have as part of their record that it requires a reduction in price if the services are not used, and I think that is very interesting coming from NSM.

Mrs. HECKLER. I think it is beautiful.

Mr. DIGGS. NSM has that in their code. You know, the question is, why can't the others have it.

Mrs. HECKLER. I think I would rather let you, as a mortician, answer that same question rather than for me to attempt to answer it.

One of the associations mentioned earlier the 28 percent were working, but the statistics from 1972 and the breakdown of overhead in funeral homes—they mentioned 28 percent of income of the funeral home went for salaries including his own. Then he only had 8 percent profit left on top. I am not suggesting that he cut his own salary, but I have to wonder what he had to do to get that 8 percent sitting on top of his funeral home.

Most businessmen own their own business. They set their salary in relation to how much money is coming in. And 28 percent seems kind of high.

And then to gripe about 8 percent return on his investment; I just don't know.

I would like to mention, Mr. Hogan, I believe, was talking about the funeral directors' board within the District.

I spent days reading the minutes of the Board of Funeral Directors and Embalmers for the District of Columbia. One of the big things that I found that—it really sent me through the roof that day, and I went home for the day. Back in April 1972, when the board was working on their regulations which are now currently pending before the City Council, the Office of Planning and Management within the District Government suggested that they include, the board include a provision requiring an itemized bill at the end of a funeral. This suggestion was rejected because it was such a regulatory amendment, and it was immediately denied. The Board of Funeral Directors and Embalmers of the District of Columbia at that time didn't want it. Now, this is contrary to what they have submitted to the committee, and I don't know. I don't know if this is industry protection rather than consumer protection organization, and I think that is all of the notes I wrote to myself this morning.

Mr. DIGGS. Thank you.

Mr. Gude.

Mr. GUDE. Yes, Mr. Chairman.

REGULATIONS

Mrs. Heckler, what would you think if we provided that Commission regulations of undertakers professions be turned over to the City Council and let them go into this area?

Mrs. HECKLER. As I understand this, Congressman Gude, I would assuming Home Rule passes on May 7, there are 23 of them. All of these boards, 23 of them in total should be able to submit complete

new legislation for themselves to the Council, and this would be on January 1, 1975. Unfortunately, this is part of the problem of the boards themselves. Nobody has bothered to tell the City Council that they can do this.

Now, I live in Wheaton, Maryland, and I mean, you know, the administrative officers aren't serving the board either.

Mr. GUDE. I mean if we gave them the authority to do this now.

Now, if we did this with respect to the morticians, the City Council could legislate and control.

Mrs. HECKLER. If you would like to do this for all 25 boards, fine. The undertaker law goes back to 1925, registered nurse law goes back to 1908. It is a whole can of worms.

Mr. GUDE. Well, I don't know whether we could provide a hearing for all of these professions. We have already had some functions turned over to the City Government. You would be opposed to this unless we did it for all?

Mrs. HECKLER. I hate to see it done on a piecemeal basis.

Mr. GUDE. Why?

Mrs. HECKLER. Because if you do it for one board, and I have seen you do it—done for one board, and I live in Wheaton, and if you want me to keep coming back and calling on you to please do the same thing for the others, I will do the same thing for the registered nurses and keep on going until you get all 23 new laws.

Mr. GUDE. Well, then should we immediately legislate in all these areas?

Mrs. HECKLER. Well, it would have been nice.

Mr. GUDE. It is a question of whether this function ought to be carried out by the City Council or be in Congress, and whether Congress should be legislating in this area.

Mr. DIGGS. I posed that question to the Corporation Counsel who was here earlier, the gentleman may have stepped out for a minute. And the Corporation Counsel stated that under the present act, there is a question as to whether or not they could legislate in this area. There would be no question at all after Home Rule is enacted, and the Council takes place in January—it's a question of whether or not there is any pricing needs for any kind of legislation of this type between now and January. This matter has been pending in the investigative stages for the FTC since last summer, and perhaps another 7 months doesn't make that much difference. I don't know.

Mrs. HECKLER. May I submit that an awful lot of people are going to die in the District of Columbia between now and 1974.

Mr. DIGGS. There is no question they will have the authority in January. There is a question as to whether they would have questions now, and the board itself—the board itself does not have authority in terms of their regulatory authorization to enact anything that would get to these kinds of objectives.

Mr. GUDE. I would have no reservation of turning these all over to the City Council. I wonder if we could legislate it through Congress. The Chairman introduced the bill. Mr. Broyhill introduced a bill, and there is public attention focused to this particular area. It would seem to me that apparently the City Council should be legislating here.

Thank you, Mr. Chairman.

[Mrs. Heckler's full statement follows:]

STATEMENT OF MRS. ALISON W. HECKLER, AMERICANS FOR DEMOCRATIC ACTION
AND D.C. DEMOCRATIC CENTRAL COMMITTEE

My name is Alison W. Heckler and I am here today representing the Consumer Affairs Committee of the Americans for Democratic Action and the D.C. Democratic Central Committee.

We are in firm support of Chairman Diggs' and Congressman Broyhill's bills and only wish that they went a little further.

Any local consumer group such as ours can supply a list of horror stories of families who, for instance, asked only the price of the casket. At the end of the service they were presented with bills—easily double what they had expected. This generates, of course, from consumer ignorance.

Additional stories can be told of going to the funeral home for a conference and the first question to be asked is "How much insurance did the deceased have?" My husband works as claims manager for a life insurance company. He has brought home an occasional story of the mortician's employee shepherding the bereaved into the office and, after they finish filing the claim, the "bereavement counselor" says "Just make the check out to me." Thankfully, we think that this doesn't happen often.

PRICE VARIATIONS

Obviously, better dollar buys are to be had if only we know where to look. The recently released Federal Trade Commission report on funeral prices in the District of Columbia documents what Jessica Mitford told us years ago existed on a national scale. There is a 77% price variation in the cheapest funeral available (\$690) and a 73% (\$1330) in the average funeral actually sold in the District. The average prices of the types A, B, and C funerals priced in the FTC report ranged from \$508 to \$777; yet the average funeral sold in the District last year cost \$1137—\$360 more than it might have with a type C funeral or 68% more than it easily could have. Knowing the income levels within the District, one must wonder whether information was made available to consumers or if they were indeed sold a product.

For instance, in looking at the figures presented, we find that 19% of the 52 homes in Table 3 sold none of their cheapest funerals and that 50% of the homes did less than 10% of their business in this price bracket. An additional 19% sold no B funerals and 50% of the homes did less than 10% of their business in this price bracket. Only 45% of the homes did less than 10% of their business providing funeral C.

We must note that 7 homes stated that they had no set prices. While these particular homes may not be those asking "how much insurance did he have?", they have left themselves wide open for such abuse, such accusations, and such queries.

Such pricing information has been hard to glean prior to the Federal Trade Commission study. For instance, the rabbi at Adas Israel synagogue has been trying for years to make some sort of price comparison for the two Jewish funeral homes serving the metropolitan area. Prior to the release of the FTC report, no such comparison was available and the homes would not release information.

By a better knowledge of prices, we hope that consumers will be able to make better buys in the funeral marketplace. We feel, additionally, that such availability of information will lead to more price competition within that marketplace. Indeed, the FTC noted this happening when they announced just that they were going to DO a study.

Lastly, in relation to the current bills, we would like to thank you for the penalty provisions included. Currently, a licensee can have his license suspended or revoked only "in the interest of public decency and for the protection of lives, limbs, health, comfort and quiet of the citizens of the District of Columbia" and for narcotics addiction. No arrangement for fining a licensee currently exists per se.

I would like to make an additional comment. We could wish that some form of price-posting—even for caskets alone with a disclaimer that this is not for a "complete funeral" would be a part of these bills. It would seem a logical concomitant. But of course, this could be seen from Chairman Diggs' bill by the time a buyer

receives your itemized statement, the mortician already has the body and that is difficult to dislodge. While the itemized bill will help the customer next time (or maybe his friends), it will not do as much good for the consuming public as we believe you intend.

Finally, we should note the comments of the Board of Funeral Directors and Embalmers of the District of Columbia. In April of 1972, they were working on proposed new regulations for their industry and it was suggested to them by the Office of Planning and Management within the District Government that they include a provision requiring an itemized bill at the end of a funeral. This suggestion was rejected because it was "such a regulatory amendment" according to the minutes of their meeting of April 13, 1972.

We as a consumer group would submit that it is not the price of the funeral that is being regulated, only the form of the bill; that we feel that these bills are important to the consumers in the District of Columbia, and that we sincerely hope that one of them is passed.

Mr. DIGGS. Mr. Hogan.

Mr. HOGAN. Just to correct the record, I am the Minority Counsel, Mrs. Heckler, not Congressman Hogan. He might not appreciate the fact that my questions would be attributed to him.

Thank you.

Mrs. HECKLER. Sorry. From the back, I couldn't read the signs.

Mr. DIGGS. Mr. Knapp, you have a prepared statement, and it is short so the gentleman may proceed.

Mr. Knapp, as I indicated, is the president of the Memorial Society.

STATEMENT OF EDWARD M. KNAPP, PRESIDENT, MEMORIAL SOCIETY OF METROPOLITAN WASHINGTON

Mr. KNAPP. Thank you, Mr. Chairman and Members of the Committee.

The Memorial Society of Metropolitan Washington was formerly All Souls Funeral Memorial Society and changed his name to reflect the quite broaden scope of the membership. We have members in both Mr. Gude's District and Mr. Broyhill's District as well as the District of Columbia. It is a non-profit and tax exempt membership organization now numbering about 1,200 at the present time.

Now, this is going to be very sharply increased in the near future. We are now part of the Federation of Funeral Memorial Societies of Greater Washington, which includes five suburban societies, and we are also part of the continental association of about ten societies that have about 600,000 members in all but seven states.

The only member of the Committee from the letterhead that was sent to me for the invitation, we have members in all but Mr. Symms' State of Idaho.

Mr. FREEMAN. He is no longer on the Committee.

MEMORIAL SOCIETIES

Mr. KNAPP. Because of the remarks that were made about the Memorial Society, it might be worthwhile to part from the statement and explain that to some degree. We have a broad program organization designed to educate our members and general public about the alternatives to the conventional funeral. You can donate the body for medical research to the three teaching hospitals in the District and in Virginia and in Maryland. You can donate parts of your body, organs for transplants. We are interested in dignity in death. We are interested

in death education in high schools to immunize people to death, get them accustomed to the idea of death. This is long before they reach the funeral situation. In other words, the bereaved family walks into the funeral home in a state of shock. This is not time to start planning or what would happen at that time what you wanted—so forth and so on.

Beyond the educational aspects, we provide a plan by which our members can get what they want from funeral directors. We are a funeral director in any way, and we do not—we operate through funeral directors.

AMENDMENTS PROPOSED

Now, going to the bill. We support the contents and the—in general the wording of bill 13492. We have two prefecting amendments we would like to have introduced into that bill.

One is that the word—I am going to go back to the statement and read this. We suggest that in line 3 of Section 2 (line 9 on page 2) the word “may” be deleted and the word shall be inserted in its place. We further suggest that in Section 1, line 9 of page 1, the word completed be deleted and the words agreed to inserted in its place.

This means in case of a proof of a violation of this law, on proof of a willful violation that the penalty be mandatory, not may.

The other change, as I suggested, is just to avoid the situation where the funeral arrangements are taken care of, and there is nothing to be done except pay for it. So the person has gotten himself into a situation before he knew he had gotten into it, which ties into this business of being able to decline certain items.

We also urge another amendment which is of major importance, which we would ask that you would renumber Section 1 to be a Subsection 1, and add Subsection 2, 3 and 4, which deal with particular abuses which do occur. They are not very often. They do not happen very often. But they have occurred, and the text that we suggest reads, “No person licensed as an undertaker in the District of Columbia as defined in Section (1) of H.R. 13492 shall misrepresent the law of the District of Columbia relating to the disposition of bodies to survivors of a deceased person or persons acting in their behalf.” In other words, don’t misrepresent what the law says.

The representation, for example, vaults are required by law. That would be misrepresentation. To say this is required by the cemetery would be perfectly the truth. If the truth were told, we have no objection to it.

Section 3, and this departs from the prepared text, “No person licensed as an undertaker in the District of Columbia as defined in Section (1) of H.R. 13492 shall inquire of any person or agency as to the amount of insurance or other death benefits due to a deceased person, except Social Security and veterans benefits due to the deceased person prior to the quoting a price for all services.”

Now, this happened, that funeral directors have asked how much insurance have you got and knock up the price to cover it. So if there were \$1,000 of extra insurance available, the cost of the funeral goes up to \$995. It pretty well takes care of it.

No person licensed as an undertaker in the District of Columbia as defined in Section (1) of H.R. 13492 shall use pressure or psychological

manipulation which has the effect of persuading survivors of a deceased person and next of kin or their representatives to buy more elaborate and/or expensive services than they desire.

Mr. DIGGS. Would the gentleman yield? Who would you want to handle that, and why would he suggest that same kind of a provision as it applies to any kind of sales situation. I mean, why would you—would it just apply to the funeral profession?

Mr. KNAPP. Because persons walking into the funeral home—

Mr. DIGGS. It would be like walking into Garfinckel's.

Mr. KNAPP. You are not walking into Garfinckel's in a state of shock. You don't go into Garfinckel's in the state of shock and buy something you have to buy under conditions of extreme emotional stress. It's a very unusual situation. The same might happen because of the emotion around weddings. I can see that possibility.

Mr. DIGGS. So you walked into Garfinckel's to buy a wedding dress.

Mr. KNAPP. And all that goes with it. There is the emotional urge perhaps to buy more than you should. And in this case, there is—there has been some psychological manipulation by using a particular word, loaded word to cause people to buy more than they can afford, than they should be spending even if they can't afford it.

What we are talking about is what is an appropriate memorial service, and we are not limiting this to pushing memorial services as being better than funeral services.

The other thing we are offering to do is to accept from funeral consumers who get itemized bills under this law, if it is passed, that we would accept those copies of them, and we would tabulate them to see what the actual itemization is working out to be. We do have statistical talent in the society that could maintain this, which would be a good thing. We would know what we are saying is correct and is a fair approximation of what is going on. We would not return except to members of the society, not return those bills. It's a non-profit organization, and I don't want to spend the postage returning things to non-members.

But we would take them and tabulate them periodically, publish them and report to the licensing authorities any flagrant violations.

Now, minor violations aren't worth reporting in each and every little case because here again the seriousness of the offense is not as big as it might be.

Thank you for letting us talk, and I think that concludes my statement.

Mr. DIGGS. Thank you very much.

MEMBERSHIP IN MEMORIAL SOCIETIES

You indicated that you have some 1,200 members in the District of Columbia. Is that the surrounding area or within the confines of the District of Columbia?

Mr. KNAPP. 1,200 within the metropolitan area might be defined roughly as the beltway. It is about 30 per cent between Virginia and Maryland. So if you take 30 per cent, that is 360 outside of the District of Columbia, and about nothing better than 800 inside the District.

Mr. DIGGS. And you indicated that some anticipation of a dramatic increase in membership. What was the basis for that statement?

Mr. KNAPP. We are working on it very heavily, working on everything. We have a message to tell which is not necessarily antagonistic to morticians or funeral directors. We have a broad general message to tell. When we get done, there will be a very substantial increase.

Mr. DIGGS. When Mr. Miller testified, Mr. Miller is the Executive Secretary of the Morticians Association—he indicated for example that out of 98,000 cremations only 1,000 involved black decedents and suggested that further—that black do not appear to be interested in these kinds of memorial methods of disposition. Is that statement reflected in your membership? Do you have any blacks?

Mr. KNAPP. We have a very substantial black membership. I couldn't define it, because we don't know precisely in this case.

Mr. DIGGS. It is very substantial. You would say six or seven hundred in D.C., and D.C. is 70 per cent black.

Mr. KNAPP. It's not—it wouldn't be 70 per cent black. There is an element of truth in Mr. Miller's statement. I wouldn't comment on the particular area. He may be right.

Mr. DIGGS. As the president, past president of the National Selection Morticians indicated that he knows of no NSM members that would not provide the same kind of service that you would require if called upon.

FUNERAL PARLOR AFFILIATES

Do you have affiliate funeral parlors that work with you?

Mr. KNAPP. We have had.

Mr. DIGGS. To get this kind of service from anybody who does the work.

Mr. KNAPP. We have four funeral directors in and around the District who cooperate with us. We do not have a contract with any of them. He mentioned someone as a member of it.

Mr. DIGGS. Who are the four that cooperate with you?

Mr. KNAPP. The first is the Colonial Funeral Home in Virginia. The second is Chambers that we deal with. Vann Funeral Service.

Mr. DIGGS. Vann?

Mr. KNAPP. Vann, and the fourth is the Lee Funeral Home.

Mr. DIGGS. The Lee Funeral Home.

Mr. KNAPP. Lee.

Mr. DIGGS. Now, when you said Chambers, Chambers is in the District. They have one place here, or are you talking about their suburban places?

Mr. KNAPP. Chambers did have many more establishments in the District of Columbia than he has now, and he does much less of his business in the District of Columbia than he used to.

Mr. DIGGS. Just how does this work? You say you got these four who cooperate with you. How does it work?

Mr. KNAPP. They quote us prices on each option. We offer five or six options all the way from immediate cremation or immediate burial to a standard funeral and perhaps more.

Mr. DIGGS. So that when a member of the society passes or requires that kind of service, is the family—the family calls you and you call the morticians; is that the way it works?

Mr. KNAPP. It will work out that we have a preference for them which is filed—they give us their preference which is filed with the

society, and we have that information on tap. We provide that information to the cooperating funeral director that the person is now deceased, and they indicated that they wanted to do business with him. He already made that arrangement. He has done this planning. We convey that information directly to the funeral director. And over a period of time funeral directors that work with us will have copies.

Mr. DIGGS. The Vann Funeral Parlor is a black funeral parlor?

Mr. KNAPP. Yes.

Mr. DIGGS. You have one black mortician.

Mr. KNAPP. We have one black mortician.

Mr. DIGGS. Mr. Hogan.

Mr. HOGAN. I have no questions, Mr. Chairman.

Mr. DIGGS. Thank you very much. Your full statement will be included in the record.

STATEMENT OF EDWARD M. KNAPP, PRESIDENT, MEMORIAL SOCIETY OF METROPOLITAN WASHINGTON

My name is Edward M. Knapp, President of the Memorial Society of Metropolitan Washington, a non-profit and tax exempt membership organization now numbering 1,200 members. The Society is affiliated with five suburban societies in the Federation of Funeral & Memorial Societies of Greater Washington. The Memorial Society of Metropolitan Washington supports the intent and wording of H.R. 13492. The Society is also one of approximately 120 similar groups banded together in the Continental Association of Funeral & Memorial Societies, with a combined membership of over 600,000 in all but a few states.

AMENDMENT PROPOSED

We suggest that in line 3 of Section 2 (line 9 on page 2) the word "may" be deleted and the word "shall" inserted in its place. We further suggest that in Section 1 (line 9 of page 1) the word "completed" be deleted and the words "agreed to" inserted in its place.

In view of the fact that the District of Columbia Regulations with respect to the licensing of funeral directors (Title 12, Section 20) are lax at best and are not strictly enforced, we feel that proof of violation of this law should produce a mandatory suspension or revocation. Accommodation to the seriousness of the offense may be made through a discretion as to the length of the suspension. Repeated or flagrant violations warrant a revocation.

With reference to the second proposed change in wording, we do not want the services furnished by the funeral director to be a fait accompli before the person making the arrangements on behalf of the survivors knows what is involved and what it will cost. He must have the itemization in sight before he agrees to the charges, with a chance to modify his directions. If the arrangements are completed, and all that is left is to have them paid for, the person making the arrangements on behalf of the survivors has no choice.

We further urge that Section 1 of H.R. 13492 be rewritten to include prohibitions of three unethical practices, now found to exist in many cases. The additions might be sub-sections (2), (3), and (4) with the present Section 1 becoming sub-section (1). The additional text is as follows:

(2) No person licensed as an undertaker in the District of Columbia as defined in Section (1) of H.R. 13492 shall misrepresent the law of the District of Columbia relating to the disposition of bodies to survivors of a deceased person or persons acting in their behalf.

(3) No person licensed as an undertaker in the District of Columbia as defined in Section (1) of H.R. 13492 shall inquire of any person or agency as to the amount of insurance or other death benefits due to a deceased person.

(4) No person licensed as an undertaker in the District of Columbia as defined in Section (1) of H.R. 13492 shall use pressure or psychological manipulation which has the effect of persuading survivors of a deceased person and next of kin or their representatives to buy more elaborate and/or expensive services than they desire.

SANCTIONS

The only real weakness of H.R. 13492 as introduced is its lack of policing and enforcement. The Memorial Society of Metropolitan Washington is prepared to assist in monitoring the performance of funeral directors under this law by accepting from individual funeral consumers copies of the itemized bills they receive pursuant to the law. We would tabulate the itemized charges and periodically we would publish a summary of the itemized charges, without names and without detail. We would not return copies to the persons who sent them to us unless we receive with the bill a self addressed and stamped envelope. As a non-profit organization we cannot afford postage on behalf of persons not members of our society. We would not file complaints with undertakers except on behalf of our members. In the case of a gross violation we would report privately on the case to the governing body licensing funeral directors. We would offer this service as a monitoring operation only. However, we do have considerable information as to what the proper charges should be to provide the funeral director with more than adequate profit.

In closing, we should make it clear that we support this bill. We do not think it goes far enough and we are prepared to assist in filling the gap provided by the one visible weakness. We greatly appreciate the kindness of the Subcommittee in permitting us to testify in this matter.

Mr. DIGGS. We would now like to call Mr. DeVol and Mr. Tillman considered as a panel.

Mr. DeVol is of the DeVol Funeral Home and President of the Metropolitan Funeral Directors Association of Washington, D.C., and he will identify his associates.

Mr. DEVOL. Accompanying me are William S. Clark and Mr. A. Everette MacIntyre.

Mr. DIGGS. Then, there is Mr. Herlis S. Tillman, who is a mortician in the City of Washington, and who is the President of the Independent Funeral Directors of Washington, D.C.

Would you identify your associates?

STATEMENT OF HERLIS S. TILLMAN, PRESIDENT, INDEPENDENT FUNERAL DIRECTORS OF WASHINGTON, D.C., ACCOMPANIED BY WILLIAM TIVERIA, GENERAL COUNSEL

Mr. TILLMAN. This is the General Counsel, Mr. William Tiveria.

Mr. DIGGS. There is another gentleman, Dan T. Mulhearn, Funeral Director, Baltimore. Is he still in the audience?

Would the gentleman wish to sit there with his colleagues?

Mr. MULHEARN. Good afternoon, Mr. Chairman.

Mr. DIGGS. Mr. Tillman, you are a member of the D.C. Board, are you not?

Mr. TILLMAN. That is right.

Mr. DIGGS. You have a prepared statement?

Mr. TILLMAN. Yes, I do.

Mr. DIGGS. All right. Then, we will proceed with Mr. Tillman since he is not only President of the Independent Funeral Directors, he is also a member of the Board, although he is here in his capacity as President of the Independent Funeral Directors.

Mr. DeVol, do you have a prepared statement, also?

Mr. DEVOL. Yes, sir.

Mr. DIGGS. Mr. Tillman.

Mr. TILLMAN. Mr. Chairman, I would like to state from the outset that our prepared text was written before we heard the testimony here today, which we were happy to hear and to receive testimony

that has been given today that helped expose some of the fallacies in regard to the funeral profession in the District of Columbia.

First, I would like to thank the Committee for inviting the views and comments of our Association with respect to H.R. 13492 and 13969. I am Herlis S. Tillman, President of the Independent Funeral Directors Association of the District of Columbia, composed of seventy (70) licensed black funeral directors and morticians and one Mexican American representing approximately three-fourths of all funeral homes in the District of Columbia. Members of our Association are active in the civic, political and religious life of this community and have specific knowledge of and therefore touch the lives of every black family in this city. As a result, we are vitally concerned with the welfare and future of our people.

I am also a mortician at the Fraizer Funeral Home, and I have been there since 1959, and I am now holding the position of manager of appraisals.

I am also the Vice Chairman of the Licensing Board for Funeral Directors and Morticians for the District of Columbia and as such am very much aware of the specific complaints and concerns of our citizens. As the population of this city is largely black and poor, the impact of this legislation will fall most heavily upon black funeral directors and their black clients.

If there is any area of life and activity in the District of Columbia which suffers from either benign or deliberate neglect it is that of the treatment of deceased persons in the District of Columbia and the loved ones who survive them.

Mr. Chairman, as you recall, Title 47, Section 2344-a of the District of Columbia Code, became law in 1947 at a time when the District of Columbia was segregated and white. If my calculations are correct that was some twenty-seven years ago. Although many changes have taken place in terms of the racial composition of the District of Columbia since 1947, no attention has been given to the folkways, mores, customs and practices of black people in the treatment of their dead since that time, with the exception of these questionable pieces of Federal legislation. The members of our Association, as citizens of the District of Columbia, are insulted that this Congress should consider these pieces of legislation dealing with a purely local matter—I would like to reemphasize purely local matters—in view of the fact that this same Committee on the District of Columbia has engineered Home Rule and a referendum for that purpose is scheduled for less than two weeks from now.

Mr. Diggs. Now, Mr. Tillman, as I indicated when we opened up these hearings, that we first of all were reacting to the public analysis and investigation which is being undertaken by the Federal Trade Commission using Washington, D.C. as a pilot program, but also which has implications on a national basis. That is the Federal interest.

Mr. TILLMAN. Very well.

Mr. Diggs. In addition to that, as I further indicated, we considered these two measures to be the vehicles for some discussion of this entire subject, and I further indicated that out of this discussion could come a reference of this matter to the local board and to the City Council. Further, the gentleman has been here all day. He will recall that I posed those questions to the Corporation Counsel about their

authority to operate in this field, and you heard the Corporation Counsel representative say that it is questionable as to whether or not the local legislative agency could operate and further that the board could not operate, and this was until January. So we could have a hiatus here as it relates to that particular period. So I think that in view of all of these matters, I am surprised that the gentleman would read that particular part of the statement. You have been here all day, and you could have made some adjustments, and I was certainly surprised when he got to that, that that part of the statement was not adjusted out, and I am a little irritated that he would make that kind of statement in view of the statements that have been made by the Chair and in several questions that he had with various witnesses.

Mr. TILLMAN. Very well, Mr. Chairman. This is just what I was alluding to when I made my opening statement, that this was prepared before we heard the testimony. Some of it will be taken out.

Mr. DIGGS. Will the gentleman proceed.

Mr. TILLMAN. The only regulation of the conduct of funeral directors within the District of Columbia during these years has been the voluntary effort of the Independent Funeral Directors Association to govern the conduct of its won dues paying members. Needless to say having on sanction or support from the District of Columbia Government, it has been woefully unable to cope with the growing problems.

We have witnessed the evolution of the attempt of our city officials to deal with these and other pernicious problems of equal magnitude, only to find that a parsimonious Congress has failed to allow our city fathers the luxury of the few dollars necessary to put teeth into our admittedly weak statutory provisions relating to the regulation of the undertaking business in the District of Columbia.

COST IMPACT OF ITEMIZATION

In our view, the implementation of this proposed legislation as written to require itemization as opposed to unit pricing of funeral services will result in higher costs to the consumers. We are mindful of the economic conditions existing in this community with respect to the black and the poor and it has been the long-standing custom of our members to provide services to persons notwithstanding their inability to pay. Accordingly, our unit pricing has resulted in less costs to our clients in general and the ability to service the black and disadvantaged survivors in our community.

In general terms, the itemization as proposed in these Bills will serve to further dehumanize and commercialize the handling of the remains of our deceased citizens with an almost careless disregard for both the social and religious involvement. They focus on the commercial aspect of dying and completely ignore the custom and tradition of black people and the care and treatment of their deceased loved ones. We have seen, for example, the dehumanized arrogance of funeral directors who have been awarded welfare burial contracts based solely on the commercial aspects of the contracts which resulted in embalming shortcuts, no provisions for elementary services to which black families are accustomed, church services where the remains were not permitted to be viewed by the family or public, planned limitations on the

length of the service, and finally the removal of the body to a remote area in Southern Maryland where the body was interred without the benefit of even an outside container or receptacle, and in an area far too remote from the inner city for the relatives to visit the gravesite.

Accordingly, we view with great alarm the consideration by this Committee of a proposal which apparently has been inspired by a FTC probe in which there is no reasonable resemblance to the realities of living and dying among black people in the District of Columbia or elsewhere in these United States.

I would like the record to show that the Federal Trade Commission has never consulted this Association in regards to any of its probes or in regards to any information.

Therefore we are somewhat surprised to find this particular limited legislation being proposed by the same committee. We hasten to emphasize that our disagreements with the Bill stem from its implications and direction and not its technical comments. We have no problem with the good business practice that the Bills imply, but are mindful of the serious consequences of focused attention on the commerce in dead bodies.

UNLICENSED MORTICIANS

Moreover, these Bills are seriously defective in that they state that, "every person licensed as an undertaker in the District of Columbia including a funeral director, mortician, embalmer, or any other person who performs services with respect to the care and preparation of dead bodies for burial or cremation . . ." leaving the clear implication that it shall become the policy of the District of Columbia that both licensed and unlicensed persons may become involved in the preparation and the care of dead human bodies. This despite the 2 hours of discussion we had with the Congressman and Attorney for this Committee.

Mr. FREEMAN. Mr. Tillman, if I may interrupt, if you will check in the District of Columbia Code, Title 47, the legislation was taken from the current licensing legislation. The term undertaker is defined, and it says, if I may quote now, in Title 47, Section 2344-a—"undertakers includes funeral director, mortician, embalmer or any other person who performs services with respect to, and et cetera, et cetera.

Mr. TILLMAN. This is precisely what we are talking about.

Mr. FREEMAN. In the past, in order to be within the regulations, it is not difficult. There is no intent on the part of this legislation to allow in any way, shape or form persons who are not licensed morticians in this city to perform mortician services.

Mr. TILLMAN. We make reference to this, because the way the code is presently set up, not necessarily the bill coming out of this particular committee.

Mr. FREEMAN. This is drafted in terms of the code, and this legislation is not to allow non-morticians, non-licensed morticians to participate in this service. The Chair is well aware of the particular mortician science, and there are educational requirements involved. And there, the interpretations which you give and some has been given by other witnesses, it makes it look like this legislation is going to allow non-morticians to participate in providing this service, and that is clearly an error.

Mr. TILLMAN. We took it from the old code.

We have among us in this city several funeral homes owned and operated—and I emphasize operated—by unlicensed persons and they advertise to the public that they are so licensed. As a result, your proposed Bills now encourage unlicensed and unregulated impostors to operate in our Nation's Capitol and will surely conflict with any comprehensive legislation promulgated by our own elected officials following the Home Rule Referendum.

Those of us in the Independent Funeral Directors Association are sick and tired of being made the whipping boy for politicians and bureaucrats who propose to build a platform in this community. We think it is high time that this practice comes to a halt and invite this Committee to commence a searching and comprehensive inquiry into the so-called FTC probe and our practice with the assurance of our unqualified cooperation. We do not need another statistical survey drafted by insulated white bureaucrats in high government places and conducted without consultation or inquiry from the members of an Association as extensive as the Independent Funeral Directors Association of the District of Columbia.

Mr. FREEMAN. Mr. Tillman, I believe that is in contradiction to the statement that I just made.

Mr. TILLMAN. Very well. As I said previously, this statement was prepared before we heard the other testimony.

Mr. FREEMAN. I understand that. If you are going to make the statement, it has to conform to the statements that have been given previously. If your statement is in error, clearly in error from the previous witnesses, we would appreciate your giving a statement that is not in error.

Mr. TILLMAN. Very well.

In conclusion, Mr. Chairman, it is our judgment and our hope that this Committee will arrest its intrusion upon the local prerogatives of our city and permit our new found legislature which will be responsive to its citizens to consider those aspects of life in the District of Columbia that concerns not the citizens of the State of Michigan or the State of New Mexico, but the citizens of the District of Columbia, in fashioning such remedies, rules and regulations that will best serve its citizens.

In closing, we would like for the Committee to know that we have the full support and backing of our parent body the, National Funeral Directors and Morticians Association, Inc., whose president, Mr. E. Perry Palmer of South Carolina and our National Executive Secretary, Mr. Robert Miller of Illinois are present here today.

I wish to thank the Committee for asking questions of the Federal Trade Commission; and regardless of their probe, we were told at their press conference that none of our members would be allowed to ask any questions. It is our General Counsel's opinion that the D.C. Council now can promulgate rules and regulations pertaining to our profession in the District of Columbia.

And for the benefit of the Committee, we would like to inform you we do have a non-funeral director who is a member of the licensed board in the District of Columbia.

Thank you.

Mr. DIGGS. Who is that gentleman with you?

Mr. TILLMAN. Mr. Crandel, who serves as the Chief of Vital Records for the D.C. Board of Health. He serves on that board.

Mr. DIGGS. Thank you very much. Your full statement will be included in the record.

[The full statement of Mr. Tillman follows:]

STATEMENT OF HERLIS S. TILLMAN, PRESIDENT, INDEPENDENT FUNERAL DIRECTORS ASSOCIATION, INC., OF WASHINGTON, D.C.

Mr. Chairman, first I would like to thank the Committee for inviting the views and comments of our Association with respect to H.R. 13492 and 13969. I am Herlis S. Tillman, President of the Independent Funeral Directors Association of the District of Columbia, composed of seventy (70) licensed black funeral directors and morticians representing approximately three-fourths of all funeral homes in the District of Columbia. Members of our Association are active in the civic, political and religious life of this community and have specific knowledge of and therefore touch the lives of every black family in this city. As a result, we are vitally concerned with the welfare and future of our people. I am also the Vice Chairman of the Licensing Board for Funeral Directors and Morticians for the District of Columbia and as such am very much aware of the specific complaints and concerns of our citizens. As the population of this city is largely black and poor, the impact of this legislation will fall most heavily upon black funeral directors and their black clients.

If there is any area of life and activity in the District of Columbia which suffers from either benign or deliberate neglect it is that of the treatment of deceased persons in the District of Columbia and the loved ones who survive them.

Mr. Chairman, as you recall, Title 47, Section 2344-a of the District of Columbia Code, became law in 1947 at a time when the District of Columbia was segregated and white. If my calculations are correct that was some twenty-seven years ago. Although many changes have taken place in terms of the racial composition of the District of Columbia since 1947, no attention has been given to the folkways, mores, customs and practices of black people in the treatment of their dead since that time, with the exception of these questionable pieces of federal legislation. The members of our Association, as citizens of the District of Columbia, are insulted that this Congress should consider these pieces of legislation dealing with a *purely local matter* in view of the fact that this same Committee on the District of Columbia has engineered Home Rule and a referendum for that purpose is scheduled for less than two weeks from now.

The only regulation of the conduct of funeral directors within the District of Columbia during these years has been the voluntary effort of the Independent Funeral Directors Association to govern the conduct of its own dues-paying members. Needless to say having no sanction or support from the District of Columbia Government, it has been woefully unable to cope with the growing problems.

We have witnessed the evolution of the attempt of our city officials to deal with these and other pernicious problems of equal magnitude, only to find that a parsimonious Congress has failed to allow our city fathers the luxury of the few dollars necessary to put teeth into our admittedly weak statutory provisions relating to the regulation of the undertaking business in the District of Columbia.

In our view, the implementation of this proposed legislation as written to require itemization as opposed to unit pricing of funeral services will result in higher costs to the consumers. We are mindful of the economic conditions existing in this community with respect to the black and the poor and it has been the long-standing custom of our members to provide services to persons notwithstanding their inability to pay. Accordingly, our unit pricing has resulted in less cost to our clients in general and the ability to service the black and disadvantaged survivors in our community.

In general terms, the itemization as proposed in these Bills will serve to further dehumanize and commercialize the handling of the remains of our deceased citizens with an almost careless disregard for both the social and religious involvement. They focus on the commercial aspects of dying and completely ignore the custom and tradition of black people and the care and treatment of their deceased loved ones. We have seen, for example, the dehumanized arrogance of funeral directors who have been awarded welfare burial contracts based solely on the commercial aspects of the contracts which resulted in embalming shortcuts, no provisions for elementary services to which black families are accustomed, church services where

the remains were not permitted to be viewed by the family or public, planned limitations on the length of the service, and finally the removal of the body to a remote area in Southern Maryland where the body was interred without the benefit of even an outside container or receptacle, and in an area far too remote from the inner city for the relatives to visit the gravesite.

Accordingly, we view with great alarm the consideration by this Committee of a proposal which apparently has been inspired by a FTC probe in which there is no reasonable resemblance to the realities of living and dying among black people in the District of Columbia or elsewhere in these United States.

Last year Mr. William A. Johnson, Sr. and I met with Congressman Diggs to discuss much needed legislation in the District of Columbia. Mr. Johnson is the Chairman of the Executive Board of the Independent Funeral Directors Association and District Governor of District II of the National Funeral Directors and Morticians Association which encompasses Maryland, Virginia and the District of Columbia. For more than one hour we discussed the serious defects in our licensing procedure for funeral directors and morticians, and the lack of funds and personnel even to enforce the regulations that are already on the books. Following this Congressman Diggs directed us to Mrs. Wyatt, an attorney for the House District Committee, for further discussion. We spent an additional hour with Mrs. Wyatt documenting the shortcomings in the Regulations and proposing ways to overcome the glaring defects. We were informed that since such an obvious need existed that she would get right on it.

We heard nothing more about the subject matter from the Committee until February 27 of this year when I was invited to attend the Press Conference called by Congressman Diggs regarding the repeal of the Byrd Amendment concerning Rhodesian chrome. At that time I asked Congressman Diggs about the progress of the legislation we had suggested. It was then that I was informed that Mrs. Wyatt was no longer with the Committee and that he knew nothing more about legislation. I therefore concluded that this much needed legislation had died of benign neglect.

Therefore we are somewhat surprised to find this particular limited legislation being proposed by the same Committee. We hasten to emphasize that our disagreements with the Bill stem from its implications and direction and not its technical comments. We have no problem with the good business practice that the Bills imply, but are mindful of the serious consequences of focused attention on the commerce in dead bodies. Moreover, these Bills are seriously defective in that they state that "every person licensed as an undertaker in the District of Columbia, including a funeral director, mortician, embalmer, or *any other person* who performs services with respect to the care and preparation of dead human bodies for burial or cremation . . ." leaving the clear implication that it shall become the policy of the District of Columbia that both *licensed* and *unlicensed* persons may become involved in the preparation and the care of dead human bodies. This despite the two hours of discussion we had with the Congressman and Attorney for this Committee.

We have among us in this city several funeral homes owned and operated—and I emphasize operated—by unlicensed persons and they advertise to the public that they are so licensed. As a result, your proposed Bills now encourage unlicensed and unregulated impostors to operate in our Nation's Capital and will surely conflict with any comprehensive legislation promulgated by our own elected officials following the Home Rule Referendum.

Those of us in the Independent Funeral Directors Association are sick and tired of being made the whipping boy for politicians and bureaucrats who propose to build a platform whose planks rest on the shoulders of bereaved black people in this community. We think it is high time that this practice comes to a halt and invite this Committee to commence a searching and comprehensive inquiry into the so-called FTC probe and our practice with the assurance of our unqualified cooperation. We do not need another statistical survey drafted by insulated white bureaucrats in high government places and conducted without consultation or inquiry from the members of an Association as extensive as the Independent Funeral Directors Association of the District of Columbia.

In conclusion, Mr. Chairman, it is our judgment and our hope that this Committee will arrest its intrusion upon the local prerogatives of our city and permit our new found legislature which will be responsive to its citizens to consider those aspects of life in the District of Columbia that concerns not the citizens of the State of Michigan or the State of New Mexico, but the citizens of the District of Columbia, in fashioning such remedies, rules and regulations that will best serve its citizens.

Finally we are surprised as well as shocked, Mr. Chairman, that the proposed legislation dealing with such a personal matter as death should be headed by such a prestigious committee as yours which purports to deal in business, commerce and taxation. On the other hand, Mr. Chairman, thanks to you, this coming May 7th we here in the District of Columbia for the first time in one hundred years will have an opportunity for self determination. Please do not shackle us before we start.

In closing we would like for the Committee to know that we have the full support and backing of our parent body, the National Funeral Directors and Morticians Association, Inc. whose president, Mr. E. Perry Palmer of South Carolina and our National Executives Secretary, Mr. Robert Miller of Illinois are present here today.

STATEMENT OF ROBERT DEVOL, DEVOL FUNERAL HOME, PRESIDENT OF FUNERAL DIRECTORS ASSOCIATION OF METROPOLITAN WASHINGTON, D.C.; ACCOMPANIED BY WILLIAM S. CLARK AND A. EVERETTE MACINTYRE

Mr. DIGGS. Mr. DeVOL.

Mr. DEVOL. My name is Robert A. DeVOL. I am a licensed and practicing funeral director in the District of Columbia. I am now President of the Funeral Directors Association of Metropolitan Washington, D.C. Seventeen firms in suburban Maryland and Virginia and eleven of the thirteen white firms in the District of Columbia comprise our association. Our organization is in constant liaison and cooperation with the Independent Funeral Directors Association which represents the black owned and operated firms.

At a meeting held earlier this month, the D.C. members of our association voted unanimously to concur in this statement and to support the alternate legislative proposal as submitted by Congressman Joel T. Broyhill, H.R. 13969, because it provides the necessary protection and information to the consumer without the possibility of increasing the charges to anyone which very likely would arise from the suggested bill of Congressman Charles Diggs, H.R. 13492, requiring extensively detailed itemization.

UNLICENSED MORTICIAN

You have clarified the next point which is the phrase, or any other person, as it appears on Page 1, line 5 of both bills. And in other words, our fear on this, as you have stated and perhaps made clear, our membership voted to put this language in. You have clarified it. We do not want unlicensed personnel making funeral arrangements or embalming or burying of people.

Mr. FREEMAN. It is also my understanding that your father, who was on the board indicated he had a statement to the same effect.

Mr. DEVOL. That is correct.

Mr. FREEMAN. And we will include that statement if you submit it at this time.

Mr. DEVOL. Mr. Chairman, my father who is chairman of the Licensing Board is on vacation at this time, and I would like to read his statement.

AMENDMENT PROPOSED

I, Harry DeVOL, Chairman of the Board and embalmer for the District of Columbia object to the words, on page 1, line 5, "or any

other person," in the bill H.R. 13492. These are contrary to the present laws and regulations which state a person must be a licensed undertaker to perform the services, care and preparation of dead bodies.

Continuing, it has be 5 to 10 years since we had a case of fraud or deceptive prices come before our board for a full hearing. We suspended the license for a period of 6 months.

That concludes his statement.

Mr. DIGGS. Thank you very much.

Mr. HOGAN.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. TILLMAN, how many individuals do you think it would take to enforce a relatively stringent regulation or law as it relates to morticians?

Mr. TILLMAN. We have the five member board now, and five alternate members of that board. However, I think that the problem could be in that we do not have the proper enforcement in the District. You see, what is on the books can be enforced already.

Mr. HOGAN. How many people do you think it would take to enforce that? What is the total number of funeral directors in the city?

Mr. TILLMAN. We have 300 or 400 in—

Mr. HOGAN. Would it take three or four full-time employees to enforce this regulation?

Mr. TILLMAN. I think two full-time employees could handle it.

WELFARE BURIALS

Mr. HOGAN. You indicate that in welfare burials, certain directors obtain the money and do not provide the services.

Mr. TILLMAN. No, in the District of Columbia, they have a bid on the contract. That is given to a funeral home. The lowest bid is to take it, but they raised that standard. They were rushing through with the viewings; they would allow 15 or 20 minutes, or sometimes they would allow no viewing. They did not provide transportation for the bereaved for the viewing. These are the kinds of things that our people are particularly concerned about, and they are accustomed to those things.

Mr. HOGAN. Doesn't the contract say what kind of services are to be provided?

Mr. TILLMAN. This is true. This is indicated in the bids, but this is what is provided for in the contract.

Mr. HOGAN. Do you know if there are any people that complained to the District of Columbia?

Mr. TILLMAN. Sure, there have been complaints.

Mr. HOGAN. Now, they certainly have a number of employees. They could insure compliance with the contract, because it seems to me that is non-compliance of a contract itself that exists.

Mr. TILLMAN. Right.

COMPLAINTS

Mr. HOGAN. Have complaints been made in your capacity as president? Do you know whether complaints have been made to the District Government about the individuals being issued a contract and not living up to the terms of it?

Mr. TILLMAN. I would like to yield to the General Counsel. I am sure he can bring you up to date on some of the problems that exist.

Mr. TIVERIA. Thank you, sir, Mr. Chairman.

We have had discussions with the D.C. Procurement Office which is the office that controls the burial contracts. And it is presently the position of the director that inequities exist as a result of the business of local bidding. As a result of discussions last year, for the first time the lowest bidder did not get the welfare contract. This was because the services were cut to a point where it was almost degrading, and they realized this. And they are suffering from the problem that budgetary constraints within the government has to operate, but within those budgetary constraints they did decide they would—they decided not to give in, and this indicates the difficulty with the problem.

Mr. HOGAN. Doesn't the cancellation clause in the contract say that if services aren't provided that this would be a noncompliance and therefore a forfeiture of the contract? You are talking about the General Services Administration.

Mr. TIVERIA. Yes. What has happened, sir, when the contract or contracts that are let, the contracts were let at a level where the services were just too low and it caused a lot of dissension and a lot of irritation on the bereaved in the community, and they complained about it. And of course, the gentleman who led that procurement office was very sympathetic to it. He understood the problem and said it was in the budgetary restraints. He did in fact decide that he would not allow the contract or give the contract to the lowest because of those problems. That was simply a recognition and he indicated at the time of our discussions, our conference that he still was suffering with the budgetary constraints insofar as its contract was concerned. That was Human Resources' money.

DISTRICT ALLOWANCE

Mr. HOGAN. Do you know what the per-funeral amount allowed is in the District offhand?

Mr. TIVERIA. Last year, I believe it was \$222, wasn't it? It has varied, and it varies, of course, because of the bidding aspect of it. There were directors who were bidding below what they could really perform well, and as a result, you got the shortcuts, the short services they provided. Let's say the service was 15 minutes, but the body was not permitted to be viewed—that sort of thing. They were still within the technical requirements of the contract, although the families were very irritated about that.

Mr. HOGAN. You must have had some evidence that people were being buried without any kind of service.

Mr. TIVERIA. Reciprocal, yes. That wasn't required in the contract.

Mr. HOGAN. A container wasn't required.

Mr. TIVERIA. No, sir.

Mr. HOGAN. Thank you, Mr. Chairman.

OPTION SYSTEM FOR WELFARE BURIALS

Mr. DIGGS. On that particular point, was there any consideration for the kind of option or the kind of system we had in Detroit. For example, we did away with the bidding. Businesses a long time ago,

did away with that. And the local authorities set a figure, and any mortician who wished to or who was willing to serve those clients would turn in their names into the office. When the family would go to the office to pick up a voucher, they would be handed a list, and they would pick who they wished from that list. The service would be spelled out. It was a description of the casket and for a particular amount, and you didn't get into this bidding business. The family would have the calling of whoever they wanted to call. Was that ever suggested; and if so, why wasn't it complied with?

Mr. TIVERIA. We suggested it in our most recent conference with the Procurement Office. We made that suggestion and it's currently under consideration. The problem with it is not the attitude of the procurement office. The problem, as they see the working out the budgetary limitations, working within the budgetary constraints they have to work in.

The gentleman is quite sympathetic with the situation, and he says quite personally if he had the opportunity to do, he would open it to that.

Mr. DIGGS. I would like to go to that particular point to Mr. Tillman. This certainly doesn't represent the constraints that we are talking about. You know, it's amazing that the people in the District of Columbia and the people who under the normal circumstances are much more aware, and they do not realize that the budget for the District is not established on the hill. The budget for the District of Columbia is made downtown in City Hall and is submitted to the City Council, and it is run by the mayor and all those agencies before it comes up here. In all of the times I have been a member of the Committee, the reductions on the budget that have been sent up from downtown has been so little, it is not worth talking about. So to suggest that it is a parsimonious Congress imposing a kind of contract upon the local budget, that is responsible for this kind of situation or any other situation is ridiculous. I think that you ought to recognize that, because there I have heard all kinds of comments about the Home Rule Bill; that it is a half baked measure here and that we control the budget of the District of Columbia and all sorts of nonsense like that, and it is nonsense. Where as a matter of fact, in the current Home Rule Bill, we have authorized more money for the operation of the District of Columbia in terms of a Federal grant in the history of this county. It goes almost up to three hundred million dollars within the next two years. I get a little sick and tired of people castigating Congress which means this Committee, characterizing it as parsimonious and talking about constraints that are attributable to their own source. I think that one ought to recognize that and put it in the proper perspective.

Now, tell me something about this liaison relationship between your two groups.

LOCAL FUNERAL ASSOCIATIONS

Mr. DeVOL, are there any black members who are part of your organization?

Mr. DeVOL. No, sir, there are not.

Mr. DIGGS. Why is that?

Mr. DeVOL. None have requested membership.

Mr. DIGGS. Why have they not, Mr. Tillman, why have not members of your association requested membership with the other organization?

Mr. TILLMAN. That I do not know, On the local level, we do have some members of the National Funeral Directors but not on the local level.

Mr. DIGGS. I understand in my state we have people that belong to both. That is the way it ought to be. We were not members at one time. We were shut out. As you indicated in your communication here, your direct reference to the days of segregation as being partly responsible for a lack of understanding about the peculiar standards and requirements, emotional and otherwise in the black community with the disposition of their dead. But now, there is no such restrictions. And my question is, you know, why do you keep yourselves separated in that fashion?

Mr. TILLMAN. That is up to the individual himself. That is the way he sees fit. Mr. Chairman.

Mr. DIGGS. Well, I would—I am still surprised that no member has joined. I guess the question is, is there any restriction?

Mr. DEVOL. No, no, sir, on either organization.

Mr. DIGGS. No, in either organization, It just happens both go your separate ways.

Mr. DEVOL. Yes, sir. There is one point to be made here by preference of the consumer public. They deal—blacks deal primarily with black funeral directors, and white deal with white funeral directors. Then, you have Christian and Jewish firms, and it is the ethnic type of thing where our organizations go.

Mr. DIGGS. I am well aware of that, of course. And I am well aware of that. And the reference to the agency burials, I know who you are talking about, who outbid all of the rest of you, and I have heard the declarations about what happened to the black agency funerals. And this lies apparently in the fact he won the bid, and it's unfortunate that it happened that way. But the black community will have to bid on these, and they have not over the years. And it just so happened that on the contracts over the years people have just wanted to perform minimally. And as a result of that, a lot of people got short-changed in this whole thing.

Now, I would like to get to the point here—we have been talking quite a bit about other dimensions to this whole matter. And I would like to get some expression from both of you gentlemen about the bill itself. Namely the itemization matter, the treatment of the itemization matter in these two bills. They're both basically the same. It's a matter of disclosure with the exception of to a funeral account, but they do differ in that one particular instance, and I would like to get some kind of expression as it relates to that particular point. And to be some specific, do you agree that itemization would eliminate inexpensive or low cost funerals in the District of Columbia? Would you two gentlemen answer that?

LOW COST FUNERALS

Mr. DEVOL. In my personal opinion, I believe it would. And I follow the a la carte statement made by Congressman Broyhill. That is my own feeling. And apparently, this is the feeling of the other

members of my association. When we met and discussed this in detail about itemizing and adding the figures up that way, you are going to come up with more. It is not clear to us how detailed the itemization is, whether FTC suggest perhaps ten items or one hundred different items.

Mr. DIGGS. We don't have any categories in our bill which reflect the range which we have on this thing. Now, the FTC talked about ten—we have a Newcomer, for example, and funeral pricing has forty-eight (Hearings in 1964 before the Senate). They have an itemization of one hundred and twenty items. So we have all kinds of flexibilities there. We are cemented into any particular number of organizations. So we are willing to go along with what appears to be a consensus here of the members of the profession that shows how flexible we are.

Mr. DEVOL. I think the concession of everyone here today is the original idea of the bill regardless of the itemization unit pricing or what have you is that a statement of charges should be presented to the family. I think everyone here is unanimous in that. And this is the protection the consumer needs and wants. What method you choose to provide that information to him, as long as they get the information, itemization and unit pricing—as long as the consumer is given a statement of the charges, that is what I believe you are really trying to get at. And this other is a technicality that we feel limits us in our method of pricing and change. And we feel—

MINIMUM SERVICES

Mr. DIGGS. How does it limit you, Mr. DeVol? I am trying to understand what you mean by limitation. What do you mean in terms of the itemization as it relates to that if somebody walks into your place of business on Wisconsin; is that correct?

Mr. DEVOL. Yes, sir.

Mr. DIGGS. Today with \$400, and I know that your break even funerals are less than \$1,100, you are losing money on it. Are you suggesting that they cannot get a funeral for that amount?

Mr. DEVOL. No. You are going to have to take a loss.

Mr. DIGGS. What does that have to do with itemization? What difference does that make?

Mr. DEVOL. If you itemize each item, and they're standing with your contract information on your sheet, and you tell them it is going to be \$100 for this—

Mr. DIGGS. Suppose you said it's not going to cost \$100. Suppose you put a no charge.

Mr. DEVOL. I would have to write it off.

Mr. DIGGS. So it would not make any difference. I am trying to understand what the difference is going to be. That is the same as you would do now; is that not correct?

Mr. DEVOL. If I had a family that came in and wanted the minimum \$600 funeral, and they only had \$400, I can't ask them to, today, to eliminate visiting, embalming or going to church for service. I am going to do it.

Mr. DIGGS. You are going to do it for the \$400?

Mr. DEVOL. Right.

Mr. DIGGS. So what we are talking about then is this situation that under itemization or under the situation that there is this charge, there will be no difference for the family in the low income and the people in the high income bracket. They can go down and choose not to have these items or certain items which would reduce the bill?

Mr. DeVOL. Right.

Mr. DIGGS. So you have got the people at the bottom not being affected by this.

Mr. DeVOL. And the people in the middle will have an option which Mr. Diggs' bill does give. You can delete the viewing if you want. Say you have a \$1,200 funeral and you want to delete the embalming requirement, they can do that. It will drop it down. That is, it will drop it down by the amount that you indicate for the embalming. If you do it by this method, the itemization will make no difference at the bottom level. I believe this is what the Chairman was getting to.

When the family comes in and selects an \$800 funeral, they—many of them have already dealt with us in years past, and they want to run by your firm which includes viewing and it is \$600, and we haven't deleted or added anything. A funeral run by our funeral home, if you have the itemization, I am going to be not charging for certain things.

Mr. DIGGS. What is the problem with that, this deleting things out of the package? They are going to get the same thing today or next month after this bill passes.

Mr. DeVOL. A lot of people have pride, and they see my statement here, and they are going to say to themselves—

Mr. DIGGS. They are going to say Bob DeVol's Home, I dealt with him last time when I was in financial straits. He gave me or took care of me. And they will come back to you.

Isn't that establishing a good will?

Mr. DeVOL. But when they come to me and I have the itemization on my bill, they only have \$400, and to come up to the standard funeral that I provide today is \$600—they are going to without telling me—people are shy or embarrassed to be poor, and they are not willing to say, can I just do without viewings or do without going to church. My real wish is to go out to the cemetery, and in this manner they have saved themselves \$200 that they didn't have. What you are really saying is that all of this discussion about the price being picked up is not the situation. What you are really talking about is that you don't want to put people in a situation such as this and the mortician does not want to put them in this position, and you are going to provide, "you are going to provide a lesser rate for them", because they can't afford it.

Mr. DIGGS. This whole price thing that we have talked about 4 hours this morning is poppycock?

Mr. DeVOL. No.

Mr. DIGGS. Mr. Tillman, you heard the past president of NSM say that part of their code requires and establishes what is called a declinable item and mandates its members to reduce the cost of the service accordingly. Do you agree with that?

Mr. TILLMAN. Yes, sir. I go along with that statement.

Mr. DIGGS. Then, in connection with the itemization, if this puts things to a disclosure situation where a person can decline, the mem-

bers of your association would make reductions accordingly if a family declines a particular item of service that they didn't want, embalming for example, if they did not want a visitation period or if they went to a church instead of using a chapel or any item of that type.

Mr. TILLMAN. Let's take it from the other people's point of view. Take, for instance, the Washington Hilton Hotel, if I stay here tonight, they will charge me \$27 to \$35 for a room. If I go to check out tomorrow, if I told them I walked up to the seventh floor, that I did not use their swimming pool, there still would be a charge as if I had used the services. This is the way the consumer often looks at it. The facilities are available for the people if they want it.

RIGHT TO DECLINE SERVICES

Mr. DIGGS. Well, I question your analogy there, but you said you did agree with the NSM's position about the decline of price or cost.

Mr. TILLMAN. Oh, yes.

Mr. DIGGS. What about you, Mr. DeVol, and members of your group?

Mr. DEVOL. Yes, sir, I believe that the National Funeral Directors Association gave to the Federal Commission guidelines, also it's been part of the policy for years.

Mr. DIGGS. Because the consumer group appeared, Mrs. Heckler, and I think it was—seemed to be suggested also by the comments from the gentleman from the Memorial Society, that this does not happen or would not happen. And the FTC also indicated that if you do not use some part of the service that it would not be deducted from the cost.

Mr. DEVOL. I can only speak for myself; our firm does deduct it.

FEDERAL TRADE COMMISSION

Mr. FREEMAN. In the Federal Trade Commission study, Table 1, there is a listing, discount for services declined in the four areas that they go in to. Embalming viewing, chapel, limousine. There are a substantial number of zeros in this column, and I don't want to pick any particular organization out, but I can see at least half just looking at the list here, that organizations, and I assume some of those fall within both of your organizations, where there are no discounts, embalming which is a major portion of the charge. Embalming is declined or viewing is declined. Now, Mr. DeVol's funeral home goes right to the point, and it indicates here that if the chapel is not used, there is no reduction of the charge.

Mr. DEVOL. We assume if there isn't a chapel, you go to a church; and that extra manpower and extra equipment would be used, and it compensates for itself at that point.

Mr. FREEMAN. You give a \$100 deduction if the viewing—if there is no viewing.

Mr. DEVOL. Yes, sir.

COUNCIL AUTHORITY

Mr. DIGGS. I would like to say to Mr. Tillman that I certainly want to associate myself very strongly with your desire to whatever addi-

tional authority is required for the board to regulate the profession in the District of Columbia. Whatever I can contribute toward the attainment of that goal, you certainly have my wholehearted support.

I would like to know whether or not, if this matter is turned over to the local jurisdictions, whether or not you know, just what sort of treatment would a suggestion like this get, have yourself submit it in to this itemization matter, that if it's that—if it is felt that this might be an answer that you relieve the mind of the public in connection with the industry that the only solution is at the Congressional level. If it referred to the local level because of the control of the profession of the board and so on, then it would never see the light of day.

Mr. TILLMAN. I would have no objection to that at all, Mr. Chairman. I would certainly hope if it was referred to the City Council, they would get right on it and do something about the inequities. I think our general counsel would like to make a statement on this.

AMENDMENTS PROPOSED

Mr. TIVERIA. On the matter of the legislation, we have talked to Mr. Myers concerning this and some other problems in connection with the funeral profession in the District. And he has exhibited considerable interest in the entire matter, and it would seem to me that the bill is a good start at what is really needed, and that is a very comprehensive look. For example, Mr. Tillman and some other persons—other inequities exist in the present District of Columbia statute. There are some feelings that perhaps that is one of the loopholes by which the ruiners can operate without—within impunity, and we would propose to close that loophole by requiring licensing of the business itself and control the employees or independent contractors or organizations of the business. So that we could get rid of that problem, because it is a pretty serious problem at least in the District of Columbia and perhaps some of the other jurisdictions.

The other aspect, technical aspects of the bill, were talked about by the gentleman from the Corporation Counsel's office. That is the apparatus for the administration and provision for enforcement production and that sort of those aspects of it. I believe that if the opportunity is there, either if this community feels that it wants to or should properly develop this kind of legislation, we would certainly appreciate the opportunity to add some input to the technical aspects of the bill that relates to those ideas that are presently not covered in the bill.

I would like to make one other comment, if I may, and that is that it occurred to me that whether or not the unit pricing or the itemization in higher or lower prices once you get to the cutoff, the actual cutoff, you are in the welfare contract area anyhow, because people are not going to be left on top of the ground. It seems to me that itemization as you indicated it—the list is long, from 104 down to maybe 15 or 20 items. Administratively, a board or commission might very well develop some list such as the one that presently exist in New Jersey and New York, which currently are working very well to eliminate the feeling that the public, that they are being deprived or being deceived by the prices of the funerals. I think it

will serve the funeral service profession if the public knew what the various components were, and I don't think that would hurt. I think some of the misgivings and feelings would get into the area of their overhead, and they would have to itemize those items that refer to the overhead. But barring that, I can't conceive of any of the directors being unwilling to say what his professional fee is for, what his embalming cost may be.

My experience, since I have been counsel, is quite a number of establishments already have the list; that they have been using it from time to time.

LISTING SERVICES

The other solution or suggestion in one of the statutes, the list be given to them at the time of contract. And experiences from time to time, the family will want to make a funeral arrangement with a funeral car, they might want to add a flower car or this sort of thing. I am advised by some of the operators in New York is what they have done is simply put a stamp on the bottom of the itemized list, the contract, that at a certain date they must know precisely what the total cost will be, which means after that date they are not permitted to make any changes. That would be one way that it could be corrected.

The other way would simply be as they do it in construction, a change order. And if a person wants to change, simply have them sign a change order, and that would increase or decrease the price of the funeral. But I think that—or assuming it either way that once we get a comprehensive look at some of the problems involving the industry, I think a lot of fears and suspicions will be belayed pretty much.

I just have a feeling, and I am speaking on behalf of the organization, I am sure one of the mischievous things about memorial societies demonstrated by a statement from the gentleman who testified on behalf of the memorial society, that they have connections with funeral homes. It seems to be that they are permitted to enter the profession by way of the back door, by sending out—and we have seen fliers and brochures, one, two, three, four funeral homes listed in the referrals—they refer their members to that funeral home. The statement that it is a 501(C)(3) organization that would hardly qualify as educational one when you are directing people over into a certain commercial area.

Mr. DIGGS. That would be against the law in my state.

Mr. TIVERIA. In several States, it is against the law.

Mr. DIGGS. As well, as I indicated, when I opened up these discussions, these two bills were before us for the purposes of discussing a problem which I believe to be of considerable importance and concern emotionally and otherwise. And the fact that the federal agency investigating this area should serve to alert the profession that there are certain—some concerns on the part of the consuming public that—which they ought to be very mindful, and those traditionalists who sit back and say that, and who believe this is all going to blow over and who believes they can continue doing business or continue ignoring these kinds of signs, the signs coming from the consuming public, do so at their own peril. There is an increase in this kind of activity.

And although the memorial—the local memorial society membership isn't all that impressive and perhaps their anticipation might be overstated in terms of an increase in their membership. There is a great deal of concern on the part of the public, and I think that aggressive association and element in the profession ought to be complimented for exactly what has been done by the funeral associations who took the initiative to send guidelines in and the participation that there may be some further activities on the part of the FTC.

I say further that these problems are mutual problems and the problems of Mr. Tillman's group is the same in my view as Mr. DeVol's group. They are not mutually exclusive. I don't care what has been said by the peculiar characteristics of both parts of the market, there is a common interest and there is a common bound there. And to me, that common interest is not being served by the continued separation of these two groups. This is not to say that they ought to be amalgamated. I know there are perfectly legitimate reasons for having an organization such as Mr. DeVol and an organization such as Mr. Tillman represents. And I accept that.

In our State, as I indicated, there are several members, several black morticians and licensees who are members of the National Association. I am not aware of it at least in the Detroit area of any white practitioner who are members of the black morticians association. But there are several members including our member on the board, Charlie Coe, who our members includes our firm, who are members of the so-called white association, if you want to use that kind of expression.

I think that it would be—it ought to be the particular attention of both these groups here in the Nation's Capital to consider some members having some kind of a dual membership in that regard.

The Chair would like to include in the record several communications that we have from various people that are unable to be here, from Earl T. Newcomer, Continental Association of Funeral and Memorial Societies, Inc. We have a communication from the Rollins Funeral Home, from W. W. Chambers, the Chambers Funeral Home; from Sam Butler, Incorporated; and also from Dr. Charles Nichols, the Director of the National Foundation of Funeral Service. All of these will be included in the record.

[The letters referred to follow:]

PROGRESSIVE MORTUARY METHODS,
Shawnee Mission, Kan., April 8, 1974.

MR. CHARLES C. DIGGS, JR.,
Congress of the United States,
Committee on the District of Columbia,
Washington, D.C.

DEAR CONGRESSMAN: I acknowledge with thanks, receipt of your letter of March 25th and offer you my apologies for not having answered it sooner, due of course to my absence from the office.

In that period, I have run one meeting at Memphis, Tennessee, one meeting in New York City and one meeting in Richmond, Virginia.

My compliments to you Congressman, because this bill is of course, is our Functional Pricing which I started promoting fourteen years ago and it is in the best interest of the funeral buying public as well as the funeral director. That is the reason why I think so highly of it.

Kindest personal regards to yourself.

As ever,

EARL T. NEWCOMER,
President.

ROLLINS FUNERAL HOME, INC.,
Washington, D.C., March 21, 1974.

U.S. HOUSE OF REPRESENTATIVES,
Committee on the District of Columbia,
Washington, D.C.

GENTLEMEN: It is our policy here at Rollins Funeral Home to furnish a Complete and itemized bill to the person of the deceased for record so that every one and every body will be in the clear.

Very truly yours,

VERNON M. KERRICK,
General Manager.

W. W. CHAMBERS CO., INC.,
Silver Spring, Md., March 25, 1974.

CHARLES C. DIGGS, JR.,
Chairman, Committee on the District of Columbia,
U.S. House of Representatives,
Washington, D.C.

MY DEAR MR. DIGGS: Thank you very much for your letter of March 19, 1974 regarding H.R. 13492 and copy of same.

At the outset, I strongly recommend that in the beginning of A BILL "To require licensed undertakers in the District of Columbia to furnish financial statements when funeral arrangements are made." Objection is made to furnishing financial statements. Clear and precise statement should read, "To require licensed undertakers in the District of Columbia to furnish cost of funeral services and merchandise when funeral arrangements are made".

On page 2, line 1 "... a written statement showing thereon the price of the funeral, which shall include an itemized list of the services and merchandise to be furnished for such price, the cost of each such service or merchandise, and a statement of the cash advances and expenditures to be advanced." Objection is made to the above and the following is submitted: "a written statement showing thereon the price of the funeral that includes basic or complete services and merchandise must be itemized as well as a statement of cash advances and expenditures to be advanced.

I have no objection to itemizing any and all services and merchandise over and above what is considered basic and complete with a funeral. To itemize all services and merchandise definitely will up the cost of funerals. It means that the required and necessary items will be priced to bring in profit which is justifiable, but when included in a basic or complete price, it is more beneficial and money-saving to the public. By including an item of service the individual would know what he or she is receiving, whereas to itemize would mean a set charge for a service that cannot always be accomplished in the same time requirement. For example, securing a Death Certificate—a requirement of law, we include as part of a complete service. Itemizing such a service might cause me, upon failing to secure the Death Certificate at the time of removal of the body and having to make a second or third trip to the hospital or doctor's office, to issue a second or third charge—again, a legitimate charge, but certainly a costly one to the person bearing the funeral expenses. Is it not more reasonable to include the charge instead of adding every move we make? I am sure this type of action would be favored by the majority of Funeral Directors, because they will be charging two or three times for a service that is now covered in a complete funeral charge.

I am sure the purpose of this Bill is designed to advise the consumer exactly what the costs for a funeral will be prior to receiving an unexpectedly high cost funeral bill. I could not agree more heartily. However, it appears we are in the right church but the wrong pew. The bill should be specific in spelling out that basics or complete items and merchandise are given at an agreed cost, and that the consumer will receive all items and services as agreed and not charged more. Services and merchandise over and above the basic complete funeral would be itemized as to cost, and the consumer given the free choice to select such items prior to billing.

I hope that these comments will enlighten the committee to make the necessary changes to the proposed Bill that will be beneficial to the consumer as well as those in the funeral business.

Sincerely,

W. W. CHAMBERS,
President.

SAM BUTLER, INC.,
Washington, D.C., March 26, 1974.

Hon. CHARLES C. DIGGS, Jr.,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DIGGS: Your letter of March 19, with its enclosure (H.R. 13492), came to our office on March 21. I have long been an advocate of the provisions contained therein. Moreover, I have been articulate in this respect in the Independent Funeral Directors Association of Washington, D.C.

I have read various accounts of the FTC Survey and I note, particularly the report in "Casket and Sunnyside" March 1974 issue. That issue of the trade magazine states that, "Only one mortuary said that every element in the funeral is priced separately." I was that one.

You have my best wishes for the success of this legislation.

Sincerely,

S. W. BUTLER.

NATIONAL FOUNDATION OF FUNERAL SERVICE,
April 16, 1974.

Hon. CHARLES C. DIGGS, Jr.,
Chairman, Committee on the District of Columbia, U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DIGGS: Thank you for the invitation to express my opinion of the potential effects of required itemization upon low end funeral prices. Briefly, I believe that such a requirement will tend to curtail if not eliminate them.

The nub of the matter is service and facility cost—apart from any consideration of casket cost—and the manner of its recovery. On a national average basis, for 1973, this cost was about \$770 or more (depending upon the reporting group).

Cost-control and pricing, in my opinion, must go hand-in-glove—but there is no question that costs must be recovered, plus a reasonable profit, if an operation is to remain solvent. The question is, "Precisely how?"

There is a variety of pricing methods being used by funeral directors throughout the United States, but I think there are essentially only two basic approaches involved. I am writing now of the manner in which the price for a "standard" funeral (as defined, for example, in the FTC questionnaire to D.C. funeral directors) might be determined—not necessarily quoted. One approach would be to incorporate the average service and facility cost into every price level, largely characteristic of bi-unit ("service charge"), functional, or itemization methods. The other approach would be to graduate the average amount to be recovered in some systematic manner from below the average to above it, incorporating these graduated amounts, from low to high, into the pricing structure; this approach normally results in some form of unit or standard pricing, makes possible some low end funeral prices, and is still, I believe, prevalent over the nation.

It seems to me that most funeral directors who itemize or are obliged to itemize by legislative requirement use the first approach. They begin with their own average amount to be recovered (a variable, naturally, from firm to firm, depending upon individual firm costs)—and for most firms this would be their average service and facility cost, apart from casket. Then they break it down, by reference to their accounting records and any other guides available, into what would be the component services and facilities, resulting in what might be considered itemized costs for each.

Note, then that itemization, for the equivalent of a standard funeral including all normal components, would result in a price equal to casket cost, plus average service and facility cost, plus profit. For even the most modest casket, when average service and facility cost plus profit is added, the beginning point would have to be around \$900.

Looking at the FTC Survey of D.C. Funeral Prices, I note that the lowest-priced "complete" funerals offered by ten different firms ranged from \$210 to \$395. I also compute that another twenty-four firms had their lowest prices ranging from \$396 to \$500. So a total of thirty-four firms there are offering lowest "complete" funerals at \$500 or less. What do you think would happen to these under itemization? Probably, in my opinion, many economically disadvantaged families, regardless of their wishes, might have to settle for something less than a complete funeral—and this would be an unfortunate situation for all concerned.

So you can see why I have written, in my earlier letter of March 29, 1974: "As a personal opinion, however, I certainly agree that "a written statement showing thereon the price of the funeral" should be rendered to every family at the time of arrangements—and with clear understanding of what is included. I am not personally convinced, however, that itemization is in the best interest of the total public because of its tendency to destroy the low end of the line, which would work hardship upon those least able to pay. Trite but true, its the old distinction between "a la carte" and "table d'hôte." It might be very interesting, after a reasonable lapse of time, to see what has happened to funeral prices, before and after, in those states where itemization (or functional) has been required by law. I suspect that those very consumer groups which have largely instituted the change would be dismayed by the end result."

The only exception I personally take to your proposed bill HR 13492, therefore, is the itemization requirement. I would much prefer it to read, at the top of page 2: "... a written statement showing thereon: the price of the funeral, which shall include a list of the services and merchandise to be furnished for such price; an itemized list with prices of any additional services or merchandise ordered; and a statement of the cash advances and expenditures to be advanced."

This three-part phraseology provides for: (1) a complete or standard funeral price and what it includes; (2) provision for separate and specific quotation of such items as might be wanted, though not included in the standard price, eg. vault, burial garment, urn, extra cars, extra mileage, professional pallbearers etc.; and (3) items for which cash might be advanced, eg. cemetery space, grave opening and closing, cremation, family flowers, honorarium to clergyman, etc. In brief, you might recapitulate: (1) normal funeral service items; (2) optional items; (3) cash advance items.

Where the first is concerned, i.e. normal funeral service items, there would be nothing to prevent quotation by the funeral director by whatever method he might customarily use—unit (or standard), bi-unit (or service charge), multi-unit (or functional and itemization). Admittedly, however, at the low end of the line, it would be difficult to quote anything but a unit price—since the other methods rather consistently incorporate an average amount to be recovered, without graduation.

A valid addition to your bill, I also think, would be a requirement for clear indication of price (and what is included), by card or folder placed on or in each casket displayed. This seems a normal procedure but I understand it is not a universal practice throughout the field.

Mr. Daniel Freeman mentioned a second bill which he was mailing to me for comment. I am sorry to report that it did not yet reach me—and I am leaving early tomorrow for another round of lecture meetings.

Sincere personal regards.

Cordially,

CHARLES H. NICHOLS,
Director.

CONTINENTAL ASSOCIATION OF FUNERAL
AND MEMORIAL SOCIETIES, INC.
Washington, D.C., March 25, 1974.

Representative CHARLES C. DIGGS, Jr.,
U.S. House of Representatives,
Committee on the District of Columbia,
Washington, D.C.

DEAR REPRESENTATIVE DIGGS: Thank you for your letter of March 19 and for the opportunity to comment on HR 13492 which would require licensed undertakers in the District of Columbia to furnish a complete and itemized financial statement to persons making funeral arrangements.

May I suggest the following changes in the wording of the Bill:

On page 1, line 9 and page 2, line 1, the word "completed" should be changed to read "contemplated", or a similar phrasing which will ensure that the itemized price list is shown to the prospective customer *before* arrangements are "completed" or contracted for. As the Bill reads now, the purchaser need be shown the itemized list only after a contract has been agreed upon, even though that may be prior to actual payment.

On page 2, line 9, the word "may" should be changed to the word "shall", so that the complete phrase reads "and in addition shall have his undertaker's license suspended or revoked."

This last point brings up the issue of enforcing the intent of the Bill. May I suggest the following:

That a clause be added requiring that the prospective purchaser date and sign the written itemized financial statement as proof that he or she read it, and that one copy of the signed statement remain in the possession of the purchaser and one copy become part of the funeral director's file on that individual.

That this Bill, and all other legal documents relating to the products and services of the funeral industry, also be shown to the prospective purchaser, and signed by them, so that it can be demonstrated that the consumer knew in advance of purchase which products and services are required by law in the District of Columbia and which are not.

That the licensing body which determines whether this Bill, and other funeral industry regulations, has been violated consist of at least one half members of the general public, not affiliated with the funeral industry.

In order that the concept of an itemized price list be of optimum benefit to the consumer, may I suggest that you also consider adding a clause requiring that the prospective purchaser be shown an itemized financial statement for the least expensive funeral arrangements made available by the undertaker, prior to concluding any agreement.

Thank you for your consideration.

Sincerely,

REBECCA COHEN,
Executive Secretary.

Mr. DIGGS. I just have one more comment to make, one more observation to make. The sort of collateral, to my comment about the separate organizations or the lack of plurality there in terms of membership, as in fact that is that in looking over the communications with responses—we sent out communications to every licensed establishment in the District of Columbia. I am a little disappointed that we did not get a response from the two largest operators who are members of Mr. DeVol's group. I would assume that particular party is, and who the other party who is a member of Mr. Tillman's group, because when you consider that, I think the FTC indicated that the largest percentage of the funeral business in this community is in the hands of a relatively few which is the case in most instances. We certainly—it is certainly keeping the circle from getting closed when we do not have the response from the people who actually do the most business in the community. And I think that it is unfortunate that we do not get participation and expression from those individuals, and that it is those who control the smallest amount of business from the percentage standpoint who seem to take the time to try to do something. I think they are to be complimented for taking the time, but I think that Mr. Tillman and Mr. DeVol, I would hope that you would be able to get the interest, the answers, whatever is done in the profession here. There are individuals in this community that do not in fact go along or certain groups of individuals that do not go along with this matter then to that extent. It is just not going to be solved, and I say that with all due respect.

You have anything, Mr. Hogan?

Mr. HOGAN. No further questions.

Mr. DEVOL. May I suggest, Mr. Mulhearn, who is on the witness list and is prepared to give you a statement, proceed.

Mr. DIGGS. I was just about to make the final statement.

Mr. MULHEARN. Thank you, Mr. Chairman.

In the interest of time, with your permission, I would just make a couple of brief comments about—in reference to the statement, and I would associate myself with comments that have been made, and I would make a couple of comments as part of the discussion.

STATEMENT OF DANIEL T. MULHEARN, CHAIRMAN OF THE LEGISLATIVE COMMITTEE FOR THE MARYLAND STATE FUNERAL DIRECTORS ASSOCIATION, AND VICE PRESIDENT OF THE LEONARD J. RUCK FUNERAL HOME IN BALTIMORE, MARYLAND

Mr. MULHEARN. Mr. Chairman, I submit this statement because approximately 80 percent of our Maryland Funeral Directors are licensed in the District of Columbia. We favor H.R. 13969 due to the fact that it does not require what I would call overitemization. It permits unit pricing, does not rule out any other quotation method. I can verify that more than 30,000 families build under unit pricing, they answer the survey in regard to the funeral services, and less than one percent mentioned anything about pricing, and only a few of those were derogatory. Extensive itemization was used over 50 years ago and then abandoned.

Here again, in the interest of time, I would like to point out that we do have a Maryland law similar to the provision that the Congressman—Congressman Broyhill has in his bill that has been in effect since July, 1973, and it is working for the protection of the citizens of Maryland.

I would like to also—like to offer a sample purchase record which has been used by funeral directors for over 25 years. This proves that families accept reasonable enumerations or disclosure. This form would comply with H.R. 13969. Funeral homes can only survive by offering facilities that are acceptable and rendering services that are satisfactory to their clients at a price they are willing to pay.

If a funeral director does not have the confidence of his family, he will fail.

Now, I would also like to point out that the State of Maryland has a law or a license for a funeral home as such. The present—the president of our corporation is responsible for every employee of the Leonard J. Ruck Funeral Home, and it is such with every funeral home in Maryland. In other words, a man can't have an unethical member and so on. It's not my fault because he just works for me. He is responsible for him.

I am also pleased to advise the Committee that through the sponsorship of the Maryland State Funeral Directors Association, we have an escrow bill requiring detailed information and records kept as far as prearrangements. I think that one of the things that the Chairman seems to feel has not been brought out to his satisfaction, I would like to comment on, is the fact that we feel under unit pricing, if a family comes in and minimum unit is \$600, and I think this purchase record will help clarify it, and we know they only have \$400, we may put \$400 on that statement without embarrassing the family. And I think the fear with the bill you propose, that we would be required or there is a doubt as to what we would be required to mark down as a disclosure even to the family that you want to render service to.

And I certainly know from being present here this morning that is not your intention. I have been before many committees in the State of Maryland, and I feel the Chairman has been more than fair with every representative here.

I would like to address myself to a remark made by—excuse me—I don't know the young lady's name, the young lady that was here this morning—about dusting off the pews.

Mr. DIGGS. Mrs. Heckler.

Mr. MULHEARN. Mrs. Heckler.

First of all, you have to have the chapel there to dust off the pews. But it would be nice if we only had to pay the fire department on the days they fought fires. And in order for funeral directors or funeral homes to provide service to a community, you must provide that service 24 hours a day, which of necessity costs more money.

I also feel that ethical funeral directors will allow families to receive the services, not only what they want but encourage them to receive full services. I am personally offended if a family that has less funds does not accept my full service. They have a right to a decent respectable burial, and we encourage that. And I think ethical funeral directors do.

Mr. FREEMAN. May I ask one quick question. You say the \$600, is your low unit—you said you price them \$400 for the funeral. Would it not be just as possible for you to include it in another itemization by reducing all the costs to two-thirds cost?

Mr. MULHEARN. When you talk about itemization, you are talking about what we are required to offer, and I think we have to put down a fair price for whatever our charge is. If we charge \$100 for embalming, it behooves us to charge \$100 on every statement that we so itemize.

Mr. FREEMAN. Not in the low end. That is the question I am asking.

Mr. MULHEARN. If you use a unit pricing which would—I would like to offer—it is included in this group. For example, we have the personal staff services, use of the facilities and so forth. If they don't use the embalming and so forth, they are not charged. I think it keeps us—what we are trying to keep away from is being required to put down a full amount; and to ask a funeral director to reduce his cost in writing to each item, it could tend for people to indicate that he could do it for everyone.

Mr. DIGGS. Thank you very much.

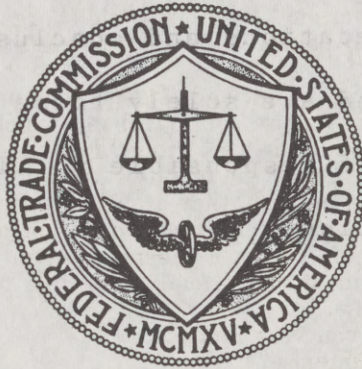
Do you have anything else?

Mr. HOGAN. No.

Mr. DIGGS. Thank you. The subcommittee will stand adjourned.
[Thereupon, at 2:15 p.m., the subcommittee adjourned.]

APPENDIX

FTC SURVEY OF FUNERAL PRICES IN THE DISTRICT OF COLUMBIA



STAFF FINDINGS AND ANALYSIS

Bureau of Consumer Protection
Division of Special Projects

This report has been prepared by the staff of the Bureau of Consumer Protection, Division of Special Projects. It should be understood that the analyses, interpretations and conclusions expressed are solely those of the staff responsible for its preparation.

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PART ONE: SURVEY RESULTSI. INTRODUCTION

The data reported below represent the results obtained in the FTC's pilot funeral price survey in the District of Columbia. The survey was initiated to gather information for the Commission and for the public on funeral prices and related matters.

To maximize the completeness and accuracy of the information obtained, the data was reported under oath as required by the Order to File Special Reports procedure used by the Commission. (A copy of the Order is attached as Appendix A.) The Orders to File Special Reports were sent to all 56 active funeral homes in the District (listed in Appendix B), 55 of which supplied the requested information. This information was obtained between October and December, 1973, when it was reportedly current.

The D.C. mortuaries together handle roughly 7,000 "regular" (i.e., non-charity and not involving shipment of the remains) adult funerals per year, averaging about 130 cases per firm. There is, however, considerable range in volume, with one firm handling 1200 cases per year, eight others over 200 per year, but 23 handling fewer than 50 cases per year, some fewer than a dozen. The 10 largest firms (18% of the total) handle 61% of the total

number of adult funerals, and receive 67% of the total receipts for adult funerals.

Although there are some exceptions, the D. C. funeral homes fall into two distinct groups, those (the majority) serving a predominantly black clientele and those serving a predominantly white clientele. These groupings are represented in the two different trade associations of D. C. funeral directors. The survey makes no effort to differentiate among the D. C. mortuaries according to the segment of the community each serves.

The results of the D. C. survey are reported in two parts, Part One describing the basic findings of the survey and Part Two a staff analysis of the significance of the survey findings.

II. DATA ON LOWEST PRICED FUNERALS

(1) What is Covered by the Quoted Price

The survey asked each D. C. funeral parlor to state the prices of its three lowest-priced "complete" adult funeral services. For convenience, the least expensive funeral will be called Funeral "A"; the next least expensive, "B"; and the third least expensive, "C". Most funeral directors are in

general agreement on the complement of services which together comprise a "complete" funeral service. Using an explicit definition of a complete funeral in the survey made possible direct comparison of the prices quoted by D. C. mortuaries.

Unless otherwise noted, the price for a complete funeral, in columns II-IV of Table 1 covers the following items: a casket; removal of remains to funeral home; preservation, restoration, and dressing of remains; use of viewing room, chapel, and funeral home facilities; arranging for church services; procurement of burial permit; arranging for collection of life insurance proceeds and Social Security, veterans', fraternal, and labor union death benefits; arranging for obituary notices and transcripts of death certificates (actual cost of notices and transcripts not included in quoted price); arranging and care of flowers; providing guestbook and acknowledgment cards; use of hearse; use of one limousine for family; providing prayer cards; arranging for pallbearers as required (actual cost of hired bearers not included in quoted price); services of staff; and extension of credit. There may, of course, be qualitative differences in these items at various mortuaries.

It appears that most Washington mortuaries also include the following services in their complete funeral at no extra charge, either routinely or as circumstances warrant: courtesy transportation of decedent's family to funeral home for arrangements conference and for viewing; assistance in making cemetery arrangements; enlisting a clergyman to officiate at services; courtesy transportation of clergyman; organizing and conducting funeral procession to cemetery. Despite the general agreement on what constitutes a complete funeral, a number of D. C. morticians cited additional services. Some funeral directors, identified by footnotes accompanying Table 1, reported that they provide a van to convey flowers from the mortuary to church and/or gravesite; an organist and sometimes a vocalist for chapel services; a hairdresser's services for the decedent; or additional courtesy transportation of the family (e.g., to cemetery for arrangements, Social Security Office, or Veterans Administration).

Also identified by footnote are those who reportedly provide for the attendance of a nurse, donate a floral tribute, or include within their quoted price the D. C. sales tax or some form of newspaper death notice (beyond a mere name-listing). Others mentioned such special services as delivering folding chairs to the family home, furnishing pallbearers' gloves, donating transcripts of the death certificate, and supervising the interment.

Twelve funeral directors, identified by footnote, indicated that limousines are not included in their prices for "complete" funerals and are available separately for an extra charge (about \$40). Three others, also identified, said that limousines were provided without charge with all services except their "A" or "A" and "B" funerals. Six morticians noted that prayer cards (costing \$7.50 or under) are not included in their standard adult funeral service.

It is important to note that many D. C. mortuaries handle some hardship cases at prices lower than those in the chart. This survey did not cover the prices paid in such special situations, since the funeral director charges each needy family only what it can afford, rather than his regularly offered prices. Instead, the survey sought basic retail

prices, and the three prices quoted in columns II-IV of Table 1 represent the lowest funeral prices generally available, regardless of need.

(2) Prices of Least Expensive Funerals

The lowest-priced complete adult funerals offered by D. C. funeral directors ranged from B. F. Taylor's lowest of \$210, to Magruder's minimum of \$900. In six D. C. funeral homes the least expensive funeral is \$700 or more, while ten offer a funeral under \$400. The ten lowest-priced funerals available in the District are listed in Table 2A. For the city as a whole, the average of the least expensive ("A") funeral was \$508; the next highest ("B") funeral averaged \$625; and the next highest ("C"), \$777.

(3) No Established Prices

Seven funeral homes reported that they have no established prices. These firms do not have complete price charts or lists, or their own casket selection rooms, and set the price of the funeral on a case-by-case basis. Consequently, the funeral home is free to charge different prices for the same funeral. The firms without established prices were asked to provide approximate prices of their three least expensive funerals. These approximate prices for the

funeral homes without set prices are signified by a "?" after the price, in columns II-IV of Table 1.

(4) Types of Caskets Provided in Least Expensive Funerals

The bulk of the least expensive funerals in Washington feature wooden caskets covered with doeskin or broadcloth. Fifty-two of 55 respondents reported using such caskets for their least costly service (two mortuaries which primarily serve the Jewish community use plain pine coffins at this level, and one mortuary, Magruder, employs a metal casket in its lowest-priced service). The vast majority also use cloth-covered wood caskets for their next-to-cheapest service, although six (De Vol, Hall Bros., Magruder, Rinaldi, Takoma, and Universal) utilize a metal casket for this service. For the third least expensive funeral, morticians' preferences are evenly divided--27 use wood caskets, 27 use metal, and one has both at the same price.

It is generally assumed that cloth-covered wood caskets are less costly than metal ones, but this is not necessarily so. While it is true that the very cheapest cloth-covered wood casket, the so-called "flat-top", wholesales for less than the minimum metal casket (roughly \$65 vs. \$95), the wholesale price of an intermediate cloth-covered is about the

same as that of the minimum metal. And the best cloth-covered wood caskets used locally, those covered with "plush" fabric rather than broadcloth, often cost more at wholesale (about \$150) than the minimum metal caskets. Five local mortuaries use a plush-covered casket for one of their least costly funerals (Barnes & Matthews and Hunter for "B"; Butler, Hunt, and Latney for "C").

Not all metal caskets used in "A", "B", and "C" funerals are of the minimum metallic variety. Some appear to be in the same wholesale price range as the plush-covered wooden ones. This is likely to be true of the "C" casket at funeral homes where both "B" and "C" funerals feature metal caskets, or where the "B" casket is plush-covered and "C" is metal.

(5) Differences Among Services Offered By A Given Mortuary

A large majority of D.C. mortuaries (at least 45 of 55 respondents) report that their three least expensive services are identical except for the casket chosen. Moreover, even the minority which cited variations among their three cheapest funerals may offer unvarying services and facilities in conjunction with their more expensive funerals. (Some morticians indicated that they may be called upon to provide different services in different cases, but

emphasized that the services varied according to the needs and desires of the clients, and not according to the casket selected.)

(6) Number of Lowest-Priced Funerals Performed

The survey obtained from each funeral director, along with the three lowest-priced funerals, the number of funerals actually performed at these three price levels as a percentage of total adult funerals handled in 1972 and 1973. The percentages for each mortuary are listed, along with the corresponding prices, in Table 3.

In many D.C. funeral homes, the least expensive ("A") funerals represented only a tiny percentage of total adult funerals. At 10 mortuaries, this percentage was zero. In a total of 26 mortuaries, "A" funerals constituted 5% or less of total adult cases handled; and in eight homes where the percentage was greater than 5%, the actual number of "A" funerals was below five per year. On the other hand, at seven mortuaries, "A" funerals constituted at least 10% of all adult cases handled.

Totalling the percentages of "A", "B", and "C" funerals provides one rough index of the price level of a given funeral home. If the three least expensive funerals (A, B, & C) together comprise a high percentage of a firm's cases, that shows that the firm's

business is comprised largely of its least expensive funerals, and suggests that the firm's prices may be relatively inexpensive. Conversely, a low total percentage of A, B, and C funerals tends to indicate that a firm sells more expensive funerals. Because these generalizations may not always hold, however, the percentages of A, B, and C funerals should be considered as a gauge of costliness only in conjunction with the actual prices of the A, B, and C funerals, and the average price reported.

III. PRICE REDUCTIONS FOR DECLINED SERVICES

Most Washington mortuaries quote their prices in such a way that the cost of a "complete" adult funeral is expressed either as a single figure or as the sum of two prices (one for the casket and the other for "professional services"). Subsumed within those one or two figures are various separate goods, services, and facilities provided by the mortician (e.g., removal, embalming, use of viewing room, use of chapel, usually the limousine). For the consumer who, for one reason or another, does not want one or more of the included items, it is important to know whether the funeral director is willing to subtract anything from the cost of the complete funeral as a credit for the unwanted and unused items.

The survey gathered information on this point, and the results are recorded in columns V through VIII of Table 1. Eleven of the 55 respondents, a full 20%, report that they will make no price reductions or allowances for declined services on any of their three lowest-priced "complete" funerals, regardless of what the consumer does not want or use. (Presumably this refusal to permit reductions does not apply to charity cases.) The remaining 44 acknowledge that some kind of discount is available, but for seven of these the sole allowable adjustment is for consumers who decline a limousine (which a number of other homes prices as an "extra", anyway). Another undertaker will deduct from his "complete" price the cost of a limousine or death notices, where they are not wanted, but otherwise will make no allowances. (Again, this is one of the few establishments which do not treat death notices as an "extra" in the first place.) Another will subtract only the cost of a nurse or organist, where these are unwanted (while other homes frequently treat both as "extras").

Five of the 44 which permit some type of discounts on their low-priced funerals will permit no reductions whatsoever on their "A" service. For eight mortuaries the size of the available adjustment

is contingent on how expensive the "complete" funeral is. As an example, if a consumer at Mason's selects an "A" funeral, the price remains the same even if he does not want embalming, viewing, or use of the chapel. However, if a "B" funeral is chosen, \$50 is deducted if embalming is declined, \$50 more for no viewing, and another \$50 for no use of chapel. And for a "C" funeral, the corresponding reductions are \$100, \$75, and \$75.

As Table 1 shows, available discounts vary widely. The amount deducted when no embalming is performed may be as little as \$25, but it ranges up to \$100, and in one case, \$125. Similarly, the savings offered when viewing is foregone range from \$10 to \$150. For non-use of the chapel, one may encounter allowances of anywhere from \$10 to \$125. Two funeral homes, Hall Bros. and Taltavull, quoted a single deduction for non-use of viewing and chapel. That is, in order to qualify for the deduction, one must use neither the viewing room nor the chapel.

In addition to the discounts listed in columns V through VIII, Table One includes footnotes which contain further information about price reductions for other declined services. Also, several mortuaries cited modest discounts available to those who decline

items such as the register book, acknowledgment cards, and prayer cards. However, where the deduction allowed for declining an item was less than \$10, the discount is not acknowledged by footnote. Only one mortician (Vann) reported that every single component of his standard service is separately priced and individually declinable, including even the casket.

IV. AVERAGE PRICE

Each D.C. mortuary was asked to report its average charge for a standard adult funeral service during the nine months ending September 30, 1973. The survey specified that calculation of the average charge was not to include partial services, defined as services for infants or indigents or shipping cases in which the mortuary provides only part of the merchandise, services or facilities for the funeral.

The District's lowest average price was found at Vann's Funeral Services (\$500) and the highest average price at Gawler's (\$1830), with the rest of D. C. mortuaries well distributed between these two extremes, as shown by Table 4.

The average charge of each D. C. mortuary is reported in column IX of Table 1. The eleven lowest average prices among D. C. mortuaries appear in Table 2B.

The overall average price of an adult funeral in the District was calculated from the individual average charge figures, weighting them by the proportion of cases represented, because there are many funeral homes handling very few cases, and a small number handling a great many cases. Thus, the total revenues for regular adult cases was divided by the total number of such cases to arrive at the (weighted) average price per case. The average price (weighted) of a funeral in D. C. came to \$1137.

V. DATA ON SELECTION ROOMS AND AVAILABILITY OF PRICE INFORMATION

The type and cost of the funeral ultimately selected by a consumer are in large measure determined by what he is told and what he sees at the funeral home when making the arrangements for the funeral. The details of what the family is told, what is stressed and what is omitted cannot be examined in a survey of this type. The survey did, however, seek information on a few basic questions: whether the family is told of the availability of the least expensive caskets; whether the least expensive caskets are shown in the selection room; whether prices are displayed; and the price range of the caskets on display.

(1) Informing Consumers About Least Expensive Services

Each mortuary was asked whether funeral customers are informed of the availability of the three lowest-priced services. Though most said yes, a number either said no or gave an answer indicating that the existence of the lowest-priced funerals is not affirmatively disclosed to all consumers. Six said flatly that the lowest-priced services are not announced to all buyers (Danzansky-Goldberg, Edmonson, Huntemann, Hysong's, Lee's and Stein Hebrew Memorial). A seventh (De Vol) also said no, but explained that the three caskets and price cards for the lowest-priced services are displayed in a selection room where all consumers are free to examine them. Three others either said yes or gave no direct answer, but explained their policies in such a way that it is apparent that not all consumers are explicitly informed of the three least expensive offerings (Gawler's, Mattingly, Taylor). At those three firms, one or more of the least expensive caskets is not on display and its availability is disclosed only if the consumer asks about lower prices.

(2) Display of Least Expensive Caskets

To inquire further about the availability of low-priced funerals, the survey also asked each funeral director whether the caskets used in the three least expensive funerals are on display in his selection room. It would appear that if the least expensive caskets are not displayed, consumers are less likely to know about them or to purchase them.

Six funeral homes which have selection rooms display none of the caskets used in their lowest-priced funerals (Hanlon, Huntemann, Joyner's Unity, Lee's, Marshall's, and Universal). Three have on display the casket used in their third-step funeral, but not those used in their two least expensive services (Hysong's, Taltavull, and Henry S. Washington & Sons). Five homes display the caskets used in their second and third-level funerals, but not the casket used in their very cheapest one (Gawler's, Hoffman, Latney, Mattingly, and St. John's). The other 22 homes with selection rooms informed us that all caskets used in their three lowest-priced funerals may be found on the selection room floor. Finally, 19 D. C. mortuaries have no selection rooms of their own. Their clients choose caskets from a catalogue or a set of photographs, or are conducted by the funeral director to one of the

local casket distributors which have a selection of caskets arranged on a showroom floor.

(3) Display of Prices

Thirty-three of the 36 mortuaries which have selection rooms display prices by means of a card or sign on each casket. One of the 36 (Hoffman) displays prices instead by means of a printed list. Another (Oscar Barnes) reported that prices are displayed, but did not indicate the medium. One of the 36 (St. John's) reportedly has no display of prices.

Four of the 33 homes using casket price cards also have a price list available (De Vol, Hysong's, Lee's, and Pope). A fifth (Universal) has a wall chart or poster in addition to casket cards, and a sixth (Manor Park) displays prices on casket cards, a printed list, and wall signs.

When a mortuary has no caskets on display, as in the case of the 19 homes which lack selection rooms, price information obviously cannot be conveyed by means of casket cards. The alternative is a printed price brochure or list, which five of the 19 utilize (Hall Bros., Hunter, Modern, Robinson, and Vann). The remaining 14 homes with no selection rooms have no display of prices at all (Bacon, Barnes & Matthews, Carter, Edmonson, S. W. Hackett & Sons, Hunt, Lewis,

Montgomery Bros., Morrow & Woodford, Spangler, Sutton's, Taylor, Washington Funeral Chapel, and Watson's).

Thus, a total of 15 mortuaries have no price display of any kind in their establishments (14 which have no selection rooms and one which does). Among the 15 are six of the seven homes with no set prices, all of which lack selection rooms. One home (Robinson) has no set prices, yet reports having a price list of professional service and livery items.

(4) Range of Caskets on Display in Selection Room

Absent severe space limitations, a typical casket selection room in a funeral home will contain some 15 to 25 caskets. The caskets are not arranged in direct order of price (either ascending or descending), but in a manner which provides best exposure to the most saleable merchandise.

In most D. C. mortuary selection rooms, there is a broad range of casket prices displayed. In general, funeral homes with more expensive average prices would have a larger number of higher priced top-of-the-line models.

In 11 mortuaries with a selection room (De Vol, Gawler's, Hanlon, Joyner's Unity, Lee's, Magruder's, Marshall's, Rinaldi, Stein Hebrew Memorial, Takoma, and Taltavull), the least expensive casket displayed is priced at \$700 or more. In eight funeral homes, the most expensive casket displayed is no more than \$1500. (Oscar Barnes, Cook & Dudley, Hoffman, Joyner's Unity, Mattingly, St. John's, Henry S. Washington, and Woodfork). Six funeral homes have a premium model priced at over \$3,000 (Stewart \$3000; Danzansky-Goldberg \$3960; Stein Hebrew Memorial \$4220; J. Wm. Lee's \$4285; Chambers \$5235; and Gawler's \$8977).

VI. CREMATION DATA

Each D. C. mortuary was asked its price for two types of cremation services, an immediate cremation, and a cremation after viewing. The charge for an immediate cremation covers the following items provided by the funeral director: picking up the deceased at the place of death; preparing and filing the necessary permits and forms; transporting the deceased to the crematory in a suitable container; the crematory charge; and delivery of the cremated remains in a crematory container to the family or place of interment. Items such as an urn, niche or other interment space, or fee for scattering the ashes would be extra. While an immediate cremation precludes

formal viewing of the remains or a funeral service with the body present, a memorial service may be held later.

A cremation after viewing includes all of the items in an immediate cremation plus embalming and preparation, a casket, and use of a reposing room for viewing.

A total of 11 funeral directors reported either that they would not do cremations or have never had any, and consequently could not name a price. Several others who ultimately did quote a price reported that they did so with reluctance because they handle cremations only infrequently. Consequently, some of the cremation prices quoted may not be too firm.

(1) Price for Immediate Cremations

Prices in the District for an immediate cremation ranged from a low of \$80 at B.F. Taylor's to a high of \$485 at Gawler's, with a simple average of \$255. Cremation prices are listed in column X of Table 1. Ten firms offered an immediate cremation for under \$200. The ten least expensive cremation services offered by D. C. morticians are listed in Table 5.

(2) Actual Crematory Charge

The price quoted for an immediate cremation includes what the crematory charges for its services. This charge is the only out-of-pocket expense (aside from the shipping container) for a funeral director handling an immediate cremation; the remainder of the immediate cremation price constitutes compensation for the services rendered by the funeral director and his profit. Almost all D.C. cremations are done at Cedar Hill Crematory, Ft. Lincoln Crematory, J. Wm. Lee's Crematory, or Metropolitan Funeral Services. Cedar Hill's crematory charge to funeral directors is \$50, as is Metropolitan's; Ft. Lincoln's is \$60; and the charge at Lee's is \$75. When the D.C. mortuaries were asked how much of their cremation charge represented the crematory's charge, 15 of the 43 who answered gave a figure different from the \$50, \$60, or \$75 charged by the four crematories which handle D.C. cremations. Eleven of the 15 reported figures of \$100 or more, with highs of \$195 and \$200. These figures may indicate either great unfamiliarity with the actual charges of the local crematories or a mark-up applied to the crematory charge by the funeral director. Whatever the reason for the unusual figures reported to the FTC, they greatly overstate the actual crematory charges in the D.C. area.

(3) Requiring A Casket For Cremation

Each D. C. funeral director was asked whether the consumer was required to purchase a casket for a cremation service. Only one D. C. funeral home (Gawler's) reported that purchase of a casket is a requirement of the firm. Though the casket requirement at Gawler's can be satisfied by purchase of the least expensive cloth-covered wooden casket, even this alternative results in the use of a costlier container than would otherwise be necessary.

Though in some parts of the country crematories have required use of a casket, the crematories serving D. C. will accept bodies transported on a stretcher or in a cardboard container or plain wood box. None requires use of a casket.

Four funeral homes erroneously reported that a casket for cremation is required by crematory rules. At least two of these have handled no cremation cases in recent years. Another funeral home indicated that a casket is mandatory, without identifying the source of the requirement. This home reported that it has "never had" a cremation case. Since this information was given to the FTC in sworn statements, on a matter that could very readily be verified by the Commission, it is unlikely that these

five homes deliberately misstated the factual situation. Rather, this appears to be an example of how the public may receive costly misinformation from funeral directors where there is no intent to deceive.

(4) Prices For Cremation After Viewing

Prices for cremation after viewing ranged from \$350 (St. John's) to \$890 (Takoma). Nine mortuaries quoted a price under \$400, while the average District price was \$551. All price quotations for cremation after viewing are listed in column XI of Table 1.

The morticians were asked to report the price of their least expensive service consisting of all the items included in an immediate cremation, plus embalming and preparation, casket, and use of reposing room. Despite these instructions, some undertakers may have mistakenly excluded the crematory charge or the casket cost from the price reported. Moreover, while at least one local firm handles hundreds of cremations each year, for some mortuaries a cremation case is a rarity. Therefore, the prices listed in column XI may be somewhat less firm than those in Table 1 as a whole.

Several morticians pointed out to the FTC staff something that the survey formulation had overlooked. It is possible to arrange for cremation after viewing without buying a casket. That is, the body may either be placed on a couch or day-bed for viewing or else a casket may be loaned for viewing purposes.

VII. MEMORIAL SOCIETIES

Included in Table 1 is information on the funeral prices available through the D. C. Federation of Memorial Societies. Memorial societies are non-profit organizations whose stated purpose is to achieve dignity, simplicity and economy in funeral arrangements. The societies vary in size across the country, with some having many thousands of members. The societies are almost always staffed by volunteers. A one-time membership fee of \$10-\$15 is charged, to defray the costs of record keeping, phone service, publicity, and the like. The society tries to secure an agreement with one or more cooperating morticians in its area, whereby they agree to perform several types of funeral services at specified prices for memorial society members. The prices to memorial society members may be significantly lower than those charged by other morticians in the area, and lower than the same cooperating morticians charge to the general public, because of the number of customers the memorial society can refer.

There are six memorial societies in the greater Washington area, with the All Souls Society open to all District residents. The six societies are part of the Greater Washington Federation of Funeral and Memorial Societies, which in turn is a part of the Continental Association of Funeral and Memorial Societies, the parent organization.

VIII. TOTAL OF FUNERAL AND RELATED EXPENSES

The survey results indicate that the average cost of a regular adult funeral in Washington was \$1137 during the first nine months of 1973. However, there are numerous additional funeral and cemetery expenses which are also part of the complete bill for all funerary arrangements.

There are several categories of expense associated with the funeral observance which are not normally included in the cost of a so-called "complete" funeral. First, some goods and services sold by the funeral director may be separately priced as discretionary extras. These include, most commonly, a burial vault or outer case, burial clothing, additional limousines, and a vehicle for conveying flowers. Second, there are costs connected with the burial or other disposition of the body. These include the cost of a cemetery plot and perpetual

care, as well as the fee for opening and closing the grave, and the cost of a grave liner or box, if a vault or outer case has not been purchased, or the cost of a crypt or mausoleum space; or the cost of cremation and sometimes an urn and columbarium niche. Third, there may be costs for memorialization--a monument or marker for the gravesite. Fourth, some items are typically secured by the mortician as an accommodation to the survivors, for which he is reimbursed by them. These may include the clergyman's honorarium, a floral piece, newspaper death notices, fees for transcripts of the death certificate, and payment for such individuals as organists, vocalists, hairdressers, hired pallbearers, and attendant nurses.

In addition to surveying D. C. funeral homes, the staff of the FTC also collected cost information regarding these funeral-related expenditures, because they are a real, but sometimes neglected, part of the total costs of funeral arrangements. To begin with, most area cemeteries require that the casket be placed in some sort of enclosure when interred. Suitable receptacles include a concrete liner or box, furnished by the cemetery for about \$85 to \$90, or a burial vault (usually concrete, sometimes metal),

purchased from the funeral director. At a few local cemeteries, a wood outer case, sold by the funeral director for about \$50, may be an acceptable enclosure. The average cost of a burial vault ranged from \$185 (Barnes & Matthews) to \$399 (Gawler's), with an overall average (weighted) of \$311 for the District.

Extra limousines are available at prices ranging from \$35, plus tax (at 23 mortuaries), to \$54 (Stein Hebrew Memorial). Burial clothing, when not furnished by the family, may usually be bought from the funeral director, at an average price of \$26 (Hanlon) to \$60 (Rhines).¹ The median home sold burial clothing at an average price of \$36. When a clergyman assists at funeral rites, it is customary among some groups to give him an honorarium for his services. Reports of the average amount of such honoraria ranged from \$10 to \$50, with a median figure of \$15.

1 Not included in this summation of the cost of burial garments is the cost of a shroud for a Jewish decedent, dictated by religious observance. The two local funeral homes which chiefly serve the Jewish community report average costs for burial clothing of \$37 (Danzansky-Goldberg) and \$65 (Stein Hebrew Memorial). However, Stein's "complete" funeral includes the cost of the burial garment in all funerals except its "A" service.

Some morticians who do not include a flower van in their complete funeral will provide one for an extra charge. Quoted prices ranged from \$15 (Hunter) to \$40 (Pope), with a median figure of \$25. Some of the difference may relate to a confusion in terminology: some morticians use a van or truck to convey flowers from mortuary to church and/or cemetery, while others may use a different kind of vehicle, which resembles an open hearse and is suitable for inclusion in the funeral cortege. Funeral directors who do not furnish musical accompaniment for their services, or who do so only for funeral chapel (as opposed to church) services, may be able to arrange for the services of an organist and/or vocalist or choir, for an additional charge. Average prices reported for musical arrangements ranged from \$6 (Magruder) to \$25 (Huntemann), with a median of \$15.

All funeral directors will obtain for their clients transcripts of the decedent's death certificate, which are usually required for collection of insurance proceeds or special death benefits. Transcripts cost \$1 each in the District and \$2 in Virginia and Maryland, with the number required dependent on the number of insurance policies or other forms of benefits involved.

The average expense for transcripts at D. C. funeral homes ranged from \$2 to \$12, with a median of \$5. Many funeral directors will secure a floral arrangement for survivors who request them. District funeral parlors report that their clients paid an average price for their floral selections ranging from \$15 (both Cook & Dudley and Woodfork) to \$61 (Gawler's), with a median figure of \$35.

The cost of paid death notices varies according to the length of the notice, the number of days it is run, and the number of newspapers in which it is inserted. While some funeral directors will include some form of notice in their services (e.g., a ten-line notice in one paper for two days), and charge only for what is desired in excess of that, most expect to be fully reimbursed for the cost of death notices. The reported average costs for such notices vary from \$9 (Bacon) to \$50 (Carter), with \$20 the median.

A number of mortuaries can arrange to hire professional pallbearers, when bearers drawn from family and friends are unavailable or not desired. The survey returns indicate that the cost of paid bearers is about \$10 or \$11 per man. Where attendance of a nurse during funeral observances is desired, the cost is usually between \$10 and \$16.

The charge for hairdressing is difficult to isolate, since many mortuaries include it in their standard service, or as part of the charge for burial garments, but the one mortuary which quoted a separate price for hairdressing listed it at \$20 (Spangler).

Several other expenses are added, when ground burial is selected. One is the cost of the gravesite. While no systematic survey of cemeteries was conducted, prices at several in this area were obtained. One said that its single-grave prices range from \$205 to \$400, when bought at time of need; another reported single-grave lots at prices ranging from \$100 ("only a few available") to \$300; and a third said lots cost from \$175 to \$275, with \$225 being the price most often paid. A second expense is the charge for opening and closing the grave. In ordinary cases (i.e., weekdays before mid-afternoon and regular depth), quoted prices ranged from \$135 to \$165.

Third, there is the cost of an interment receptacle, the costs for which have already been detailed. Fourth, there is the cost of a grave monument or marker, if one is desired. Some cemeteries have newer sections in which only flat markers are permitted. One cemetery surveyed will allow nothing but bronze markers in the

entire cemetery. It sells such markers at prices ranging upward from \$275. Another cemetery has some sections reserved for granite markers and others for the bronze variety. It sells the former at prices ranging from \$124 to \$185 and the latter for \$140. In some sections it still permits the erection of monuments, which it does not sell. A third cemetery requires bronze markers in some sections, while permitting monuments in others. It sells two types of bronze markers, one priced at \$136 and up, the other offered at \$177 and up. Monuments and markers may also be purchased from independent memorial dealers. Additional expenses sometimes encountered are a fee for perpetual care of the gravesite and another for the installation or setting of the monument or marker.

Some cemeteries offer a "package deal", consisting of grave, opening and closing, and concrete box or liner, for a single price. At one cemetery the cost is \$230 for the package. Another will sell gravesite plus opening and closing for \$225, with the cost of a concrete box not included. Several conditions are attached to this "package" arrangement, however. There is usually a special sector of the cemetery set aside for this purpose, the grave must be purchased for immediate use, all available gravesites are single

only (thus, family members cannot be interred alongside one another, unless they die simultaneously), and there is no choice as to location (because the gravesites are occupied one after another along a row).

Interment in ground-level or above-ground structures, such as crypts or mausoleums, is another possibility. While prices vary widely, one cemetery reported crypts costing from \$1400 to \$6500 and spaces in a garden mausoleum selling for \$2000, if bought at time of need.

Some consumers prefer cremation to ground burial. Crematory expenses are included in the prices set out in columns X and XI in Table 1, "Simple Cremation" and "Cremation After Viewing". There may be additional costs relating to the disposition of the cremated remains. If the ashes are to be scattered, there may be a charge for that service, especially if they are to be scattered at sea, from boat or plane. Alternatively, the family may wish to preserve the remains in an urn (at prices ranging from roughly \$40 to several hundred), and perhaps repose them in a columbarium niche (which can cost almost as much as a gravesite).

Presented here is an outline of the total funeral and burial expenses for a "typical" Washington funeral buyer during 1973. Left out of account entirely, as they were in the derivation of the \$1137 figure, will be funerals for infants, indigent, hardship, and "shipping" cases. Also, since only a small number of cremations are performed in Washington, the assumption will be that the "typical" funeral buyer arranges for ground burial. Finally, few consumers would incur all of the expenses described. Therefore, a typical expense will be regarded as one which is favored by a majority of local funeral consumers. Less popular selections will be omitted. Hence, such atypical expenses as burial clothing, hired pallbearers, a nurse, a hairdresser, flowers, and an extra limousine are not figured in, even though hundreds of local consumers buy them. Here is the breakdown of "typical" D. C. funeral and cemetery expenses for 1973:

"Complete" adult funeral.....	\$1137
Interment receptacle ²	136

² Last year about 75% of D. C. funeral consumers bought a concrete liner or box, which cost about \$85. About 22% bought a burial vault from the funeral director at an average price of \$311. The weighted average of these two is \$136, meaning that the average buyer of an interment receptacle in Washington last year expended about \$136 for it.

Newspaper death notice.....	\$ 20
Clergyman's honorarium.....	15
Transcripts of death certificates ³	5
Flower wagon.....	25
Organist ⁴	15
Single gravesite ⁵	160
Opening and closing ⁶	150
Marker or monument ⁷	178
D. C. Sales Tax ⁸	45

TOTAL..... \$ 1886

3 The figures for newspaper death notice, clergyman's honorarium, and death certificates represent the average cost at the median mortuary.

4 The figures for flower wagon and organist represent the average cost at the median mortuary, although a number of local firms furnish these items at no charge to buyers of a "complete" funeral.

5 Amount shown is the average of the lowest prices offered by the cemeteries surveyed.

6 Amount shown is the average of the prices quoted by cemeteries surveyed.

7 Amount shown is the average of the lowest prices quoted by cemeteries surveyed.

8 The D. C. sales tax of 5% is applicable to sales and rentals of tangible personal property. Since funeral directors who quote a lump sum price for their "complete" funeral do not assign separate prices to sales or rentals of tangible personal property (e.g., casket, register book, limousine), as opposed to services or real property rentals (e.g., removal, embalming, use of viewing room), the D. C. Department of Finance and Revenue has decided (in Administrative Ruling #18) that 50% of the lump sum price is subject to the sales tax. Therefore, the figure shown is the tax on 50% of the "complete" funeral price, plus the tax on the interment receptacle, the flower wagon, and the marker or monument.

PART TWO: ANALYSISI. INTRODUCTION

The FTC's survey of funeral prices in the District of Columbia is the first major effort by the federal government to collect and bring to consumers information on the actual cost of funerals. This information is being released in the hope that more consumers will realize:

- That there are a variety of choices available respecting funeral arrangements;
- That information on prices is available, but must be aggressively sought out by consumers interested in price;
- That funeral prices vary substantially, and inexpensive funerals can be obtained.

As an initial effort at collecting and disseminating price information on funerals, this survey does not tell consumers everything they might want or need to know about funeral arrangements. It does, however, provide some significant information which the public may find useful. Described below are the FTC staff's interpretation of the survey results, together with some conclusions.

II. INTERPRETATION OF SURVEY RESULTS(1) Price vs. Other Variations Among Funeral Homes

The principal findings of the survey related to price variations among funeral homes. The survey could not and did not attempt to measure those variations other than price which plainly exist. These other

differences may heavily influence consumer selection of a mortuary. A consumer may, for example, prefer a given mortuary on the basis of reputation, personal acquaintance with the mortician, prior service, location, religious or ethnic identification, physical facilities, or any of several other considerations. And, to be sure, variations in these factors may be responsible for some of the price differentials detected by the survey.

The FTC staff does not, of course, deny the potential importance of these non-price factors. Just how important they are, in terms of dollars and cents, is a question each funeral consumer must decide for himself. The survey results are intended to equip funeral buyers with the information they need to make price-value comparisons in their choice of a funeral or of a mortuary.

(2) Availability of Inexpensive Funerals

One of the most important findings of the survey is that there are inexpensive funerals available to D.C. consumers who have enough information to look for them. A complete funeral service may be obtained for as little as \$210 or a cremation for as little as \$80, though many consumers who may have begun with the idea of economizing on funeral arrangements end up paying several times as much, and more.

One of the greatest hindrances to savings on funerals has been the scarcity of comparative information on the prices of the various mortuaries. Faced with the necessity of making prompt arrangements for the funeral of a family member, the bereaved consumer has often chosen a funeral home first, and considered prices later, at the arrangements conference. By disseminating price comparisons in advance of need, the D. C. funeral price survey tries to overcome that obstacle. Furthermore, the survey results establish that, with some small variations acknowledged in Table 1, D. C. morticians generally provide the same services in their complete funerals, and most use the same types of caskets in the lowest-priced funerals. This conformity facilitates direct price comparisons.

Once a mortuary has been chosen, another kind of non-disclosure has sometimes thwarted the desire of economy-minded consumers to hold down funeral costs. The survey results show that a number of funeral homes which have inexpensive funerals available have actually done very few of them. This may be due to the fact that consumers have been unaware of the availability of the low-cost funerals, particularly where the casket is not displayed or there is no mention of the least costly funeral by the mortician.

Alternatively, infrequent sales of the lowest-priced funerals might stem from a scarcity of consumer interest in minimizing funeral costs, a general distaste for the appearance of the least costly caskets, or the mortician's ability as a salesman to lead consumers to purchase his more expensive merchandise. Also, with or without suggestion from the undertaker, bereaved consumers may be prone to emotional overspending when making funeral arrangements.

The survey reveals what low-cost funerals are available and where they may be found, information which can be used to avoid emotional overspending. Columns II-IV show the prices of the least expensive funerals generally available in D.C. mortuaries. And the average price data in column IX provides a useful index of the costliness of the various mortuaries.⁹ Armed with this information, a consumer interested in obtaining an inexpensive funeral can focus on particular funeral homes and on specific low-cost funerals, with knowledge that they do exist, even if they are not displayed.

9 Each firm predicates its casket line and pricing structure largely on past experience, including the amount the "average" consumer will pay. Given a constant volume of cases, a firm must maintain its average price (and more, as costs increase) in order to preserve its level of profitability.

It is hoped, too, that publication of the survey will motivate all morticians to display and disclose their least expensive funerals, particularly if consumers show their interest, just as it is hoped that the survey will induce more funeral directors to advertise prices so that competitive forces may operate effectively.

It is clear, in any event, that consumers interested in inexpensive funerals must be persistent in their inquiries. Furthermore, use of the survey materials as a guide to comparative prices can lead to savings of hundreds of dollars.

(3) Absence of Established Prices

The survey found that seven Washington mortuaries have no set prices for their funeral services. The absence of established prices at these homes makes it impossible to obtain a firm quotation in advance of need, thereby complicating comparative shopping for funerals. Since the mortician retains so much discretion over the ultimate charges, a consumer who patronizes a home with variable prices may risk paying an inflated amount, although the survey was not well suited to determining the extent to which abuses may actually occur.

Funeral homes which employ variable pricing generally serve a low-income community, where the distinction between full-paying and hardship clients tends to break down. This may necessitate frequent adjustments of both prices and services, keyed to consumers' varying resources. Where consumers' means are often severely limited, it may be simpler for a mortician not to have a fixed set of goods and services making up a "complete" funeral, but instead to piece together a funeral service consisting of those items which each client can afford, on an individual basis. As one mortician explained his policy, "We cut the garment to fit the cloth". The result can be that consumers with ready cash tend to subsidize those who cannot pay their way. Still, such a "subsidy" effect is not altogether lacking even among the mortuaries which do have set prices, in view of their graduated pricing structures and occasional charity of their graduated pricing structures and occasional charity work.

(4) Differences Between Funerals

One of the facts uncovered by the survey, true for the great majority of District funeral homes, is that each offers exactly the same services in any of the funerals it sells; the only difference between funerals is in the casket used.

The finding that most mortuaries offer a constant mix of services and facilities to go along with a succession of casket models is a very significant one. Many consumers seem to believe that along with a "better" (costlier) casket, one gets a "better" or more inclusive set of services from the undertaker. The realization that this is usually untrue brings into focus the real question confronting the funeral buyer. Once he has chosen a funeral home, has decided that a casket is desired, and is pondering the choice of a particular casket, the relevant inquiry is whether a given casket is worth to him the price differential between that casket and its less expensive counterparts. Speculation that the choice of a casket will alter the assortment of services offered by the undertaker serves only to blur and confuse the choice that must be made. Judging from the survey results, in the absence of express indications to the contrary from the mortician, the consumer may safely assume that the choice of a casket will not affect the concomitant services and facilities provided. More concretely, a D. C. consumer debating whether to buy a complete funeral costing \$600 or one costing \$1200 must decide whether the casket in the more expensive funeral is worth the additional \$600 to him.

Another relevant fact is that most funeral homes attempt to recoup greater proportions of their overhead expenses from the more expensive funerals that they sell. This means, in effect, that a consumer buying a more expensive funeral is paying a higher price for the services provided by the funeral director--embalming, use of facilities, etc.--than a consumer buying a less expensive funeral is paying for the same services.

The simple truth, then, for the consumer is that when he or she purchases a funeral costing several hundred dollars more than another one, all that he is actually getting for the added expense is a different casket. Also, in many instances, large retail price differences can stem from relatively small differences in the wholesale prices of the caskets.¹⁰

(5) Reductions for Declined Services

The survey also demonstrates that a lower-priced funeral can be obtained if certain services normally included in a complete funeral are declined. The survey shows that the amount of reduction for declining embalming, viewing, use of the chapel and the like,

¹⁰ How significant such wholesale/retail price disparities can be is illustrated by information obtained in the survey. Several mortuaries reported the wholesale prices of their "A", "B", and "C" caskets even though the survey did not ask for this information. One of these firms reported that the only difference between its "B" funeral and its "C" funeral (priced at \$230 more)

(footnote 10 continued on next page)

varies from one funeral home to another. Some will make no price reductions at all, and of those who will, few publicize the availability of such price reductions. Thus, the funeral buyer must know enough to learn the price of a complete funeral, then ascertain the reductions available for unwanted services.

Montgomery Brothers Funeral Home furnishes a good example of the kinds of discounts that may be available to consumers alert enough to ask for them. That firm reported an allowable adjustment of \$40 for clients who do not use the mortuary chapel and a \$21 deduction for those not having a church service. Therefore, the only consumers who need pay the full price quoted for a complete funeral are those who desire both a chapel service and a church service. Everyone else should qualify for one or the other discount.

(6) Absence of a Selection Room

The survey results indicated that 19 homes lack selection rooms. Absence of a selection room can affect the funeral transaction in several ways. For persons wishing to inspect casket offerings,

10 - cont.

was in the casket utilized. The firm reported wholesale prices of \$78 for the "B" casket and \$85 for the "C" casket. Thus, a consumer buying a "C" funeral instead of a "B" funeral would be paying \$230 more, in return for a casket costing \$7 more at wholesale, in this instance.

a funeral director with no caskets on his premises customarily takes his clients to the showroom of a casket wholesaler, where a large selection is on view. Also, a mortician who lacks a selection room probably saves a good deal of overhead expense, since he does not have to maintain an inventory of caskets or set aside hundreds of square feet of mortuary floor space for display purposes. On the other hand, because he buys caskets only one at a time, as needed, he probably has to pay more for them than do undertakers who stock caskets in quantity. However this calculus of economies and expenses works out and whatever other factors are operating, Table 1 does show that homes which do not have a selection room tend to have lower average prices than those which do. Still, there are two features of some of these homes which should cause buyers to be especially insistent about securing price information--over a third of them have no set prices, and over two-thirds have no display of prices on their premises.

(7) Total Funeral and Cemetery Expenses

There were several reasons for compiling the typical total bill of \$1886. In the first place, the figure is useful inasmuch as it confirms that the typical consumer of funeral and cemetery arrangements expends a sizeable sum. While the data

came only from the District of Columbia, and no claim is made that the local figures tally precisely with nationwide price levels, the results are in general accord with a number of other cost studies and estimates from around the country.

From the funeral consumer's standpoint, it can be of great benefit to know from the outset the entire complex of charges one is likely to encounter. As the figures show, the so-called "complete" funeral is only the beginning. Typically, charges of roughly another \$750 loom ahead, and conceivably much more. The consumer who is unfamiliar with the components of funeral and burial arrangements, and their respective costs, risks spending a disproportionate part of his resources on the first and biggest outlay, the "complete" funeral. To safeguard against this kind of overcommitment, consumers should be fully cognizant of what other expenses lie ahead.

The material on costs may be useful to consumers in another way, as well. Presented below will be an outline of some of the more common alternatives to the traditional American funeral (consisting of embalming, viewing, casket, and ground burial). Some consumers may want to weigh one alternative against another. Unless cost is immaterial to these consumers,

the \$1886 figure will aid them as an approximation of the dollar cost of a conventional funeral and interment (although cheaper complete funerals and burials may be bought).

(8) Misconceptions About Legal Requirements in a Funeral

As already noted, funeral buyers can avoid expense by obtaining information about basic prices and available discounts at several different funeral homes, and avoiding purchase of unwanted services. By the same token, consumers can also incur unnecessary funeral expenses because of misconceptions about what elements of a funeral may be required by law.

Three of the most common misconceptions about legal requirements pertain to embalming, caskets in cremation cases, and vaults. In the District of Columbia, as in most other jurisdictions, there is no law requiring the consumer to purchase embalming, a casket for cremation, or a vault, in ordinary circumstances.

Embalming might be legally necessary in some instances, if death was caused by a communicable disease, or if the body is to be shipped through a jurisdiction requiring that bodies shipped interstate be embalmed. Absent such circumstances, there is no legal requirement of embalming in D. C.

As noted, there is no law requiring purchase of a casket for cremation. There is likewise no such requirement in any of the local crematories. The only local requirement of any kind that has come to the staff's attention is that of Gawler's, which requires purchase of a casket as a policy of the mortuary.

Purchase of a vault is not required by law. While many D. C. funeral directors sell them, none requires purchase of a vault. Some local cemeteries have regulations requiring some kind of enclosure for the casket in the grave. Even where such a requirement exists, it may be satisfied by a simple liner or box of concrete or other material selling for less than \$90, not necessarily by the more ornate vaults sold by funeral directors or cemeteries.

Most consumers do not know what is and what is not legally required in a funeral, and may purchase embalming, a casket, or a vault in the erroneous belief that they are legally required. Some funeral directors may likewise have incorrect views of what is required by law, which can be transmitted to their customers. Any consumer who purchases embalming, a casket, or a vault from a funeral director should do so only if such merchandise is desired, not because of a mistaken belief that they are required by law.

III. AVAILABLE ALTERNATIVES

The results of this pilot funeral price survey help demonstrate the important fact that choices are available in funeral services. It is not the function of government to tell any consumer what kind of funeral he or she should select. The nature of funeral arrangements is a matter to be determined by the individual concerned. However, it is important that the individuals who must make funeral arrangements know about available alternatives, so that they can choose on an informed basis.

One clear choice available to a funeral buyer is the conventional (or "standard") funeral as defined in the survey, including embalming, cosmetology, viewing, a funeral service with the body present, a casket, and other elements, usually followed by ground burial. This is usually the type of service favored by the funeral director, and what he will provide if the choice is delegated to him. Most funeral directors will, however, accommodate the express wishes of the family, if something other than a "complete" conventional funeral is desired.

Choices are available even insofar as a conventional funeral is concerned. There is a choice among funeral homes with widely varying prices, and among the different-priced caskets which could be used. Intelligent choice of a casket is aided by knowing that in most funeral homes the same services are provided regardless of the casket selected, and that usually a greater contribution to overhead is obtained from the higher-priced caskets. There is also a choice regarding the services which might be eliminated from the package of services provided in a "standard" funeral. If items such as embalming, use of viewing room or chapel facilities, or use of a limousine are not desired by the consumer, there can be significant reductions in the funeral director's total charges at many funeral homes.

Another alternative within the ambit of a conventional funeral is pre-arrangement. "Pre-arrangement" refers to making funeral arrangements before a death actually occurs. This may or may not include actually paying for the funeral beforehand. The advantage of pre-arrangement is that it permits reasoned consideration of alternatives and comparison shopping in the absence of the severe time pressures and disabling effects of grief which are usually present when a loved one dies.

Pre-arrangement may take several forms. It may involve collecting information (including price information) from a number of morticians, selecting a particular form of funeral, and leaving instructions at home and possibly on file at a selected mortuary. In addition, some form of insurance might be obtained, or money set aside in a savings account, to cover funeral expenses. These arrangements could be made with or without the assistance of a funeral director.

Another form of pre-arrangement involves actually contracting for funeral service in advance of need. Many funeral homes will sell funeral services on a pre-arrangement basis. Once again, the advantages of clear-headed analysis and comparison shopping are available. There are, however, potential hazards of which the consumer should be aware. The money paid for a pre-arranged funeral could be lost if the consumer moves and use of the particular funeral director in the pre-arrangement contract becomes impractical. It is also possible for a consumer to lose sight of the total price if the funeral is to be paid off over a number of months or even years. There are also clauses in some pre-arrangement contracts which in effect release

the funeral director from his obligation to furnish the specified funeral at the agreed-upon price, thus eliminating the advantage in a prepaid funeral of settling the final price at the time of pre-arrangement.

In sum, despite possible pitfalls, pre-arrangement perhaps supplemented by actual pre-payment, provides an alternate method of arranging a funeral in an atmosphere where a more deliberate consideration of available options is possible.

There are also funeral arrangements available which differ from the basic format of the conventional funeral. One such alternative is cremation. An immediate cremation service eliminates the necessity for many of the items associated with a conventional funeral, such as embalming, a casket, and viewing facilities. A ceremony in honor of the deceased may still be held, in the form of a memorial service.

If a consumer prefers cremation but considers viewing the remains to be an essential part of the funeral service, most funeral directors will arrange a cremation after viewing, which is basically the same as a conventional funeral service, with cremation replacing ground burial as the ultimate disposition.

Another option is donating organs or tissues to hospitals, or donating one's body for medical research. The hospital or medical school will take care of the final disposition, or will usually be willing to return the remains in a sealed container or cremate them, if that is preferred. There may still be some expenses for the consumer relating to transportation of the body to the medical school or hospital.

Another alternative to conventional funeral arrangements is the memorial society. Memorial societies can often assist consumers in arranging either conventional funeral arrangements, or one of the possible alternatives, at a lower price than they might encounter on their own.

IV. CONCLUSION

The most significant finding of the survey is that prices vary so greatly from one funeral parlor to another. Depending on the home patronized, the buyer of the least expensive funeral offered may pay \$210 or \$900. The "average" buyer pays anywhere from \$500 to \$1830, according to his choice of a mortuary.

The relative sparseness of information in the marketplace about these price disparities is a sign of a feeble competitive environment. The D. C. funeral price survey was an attempt to appraise the level of price competition among mortuaries and, if possible, to stimulate it by equipping consumers with the price data they need to make informed marketplace decisions.

It is hoped that publication of the results will spur competition on the cost of funerals. There is reason to believe that the mere existence of a price survey, even prior to publication of the results, has already stimulated some competitive pricing behavior. One Washington funeral home which had never before advertised its prices by newspaper took out a large price ad soon after the survey was announced. The head of the firm was prompted to do so by the price survey and plans further price ads in various media as his resources permit. Soon after the price data was collected, another firm ran a price ad to announce an actual price-cut. Whereas its least costly service was \$495 when it answered the FTC survey, it now proclaims the availability of a "complete" funeral for \$425.

These early developments indicate that public disclosure or even the likelihood of public disclosure of price information in an industry which has thrown a shroud of secrecy over prices may have a salutary effect almost immediately. The large price variations detected by the survey demonstrate the importance of price information in a consumer transaction whose commercial aspects have often been overlooked.

Following publication of the survey information, the Commission staff will be examining the feasibility of various ways of disclosing funeral price information to consumers.¹¹

¹¹ The survey results also document the existence of several practices which concern the FTC staff--e.g., requirement of a casket for cremation, lack of set prices, refusal of allowances for declined services, and non-disclosure of low-priced services. These practices will be considered in greater detail in conjunction with the FTC staff's continuing investigation of funeral industry practices.

TABLE 1

FTC SURVEY OF D.C. FUNERAL PRICES

FUNERAL HOME NAME & ADDRESS	3 LOWEST-PRICED FUNERALS			DISCOUNTS IF SERVICES ARE DECLINED				AVERAGE PRICE (1973)	CREMATION AFTER	
	1ST LEAST EXPENSIVE A	2ND LEAST EXPENSIVE B	3RD LEAST EXPENSIVE C	EMBALMING	VIEWING	CHAPEL	LIMOUSINE		IMMEDIATE	VIEWING
1. W.H. Bacon 3447 - 14th St., N.W.	\$395	\$495	\$650	0	0	0	36	\$850	\$250	\$450
2. Barnes & Matthews 3619 14th St., N.W.	\$550	\$650	\$750	80	0	120	42	\$935		
3. Oscar Barnes 19 - 14th St., S.E.	\$530	\$775	\$930	0	0	0	0		\$250	
4. Sam Butler, Inc. 3900 Georgia Ave., N.W.	\$650	\$875	\$1085	65	0	0	40	\$1085	\$225	\$665
5. Morris A. Carter & Co. 305 - H St., N.W.	\$600[?]	\$750[?]	\$900[?]	0	0	0	0	\$1000		
6. W.W. Chambers Co. Inc. 517 - 11th St., S.E.	\$395	\$895	\$995	75	25	50	35	\$788	\$255	\$705
7. Cook & Dudley's 1425 Maryland Ave., N.E.	\$495	\$598	\$740	75	10	10		\$998		
8. Danzansky-Goldberg 3501 - 14th St., N.W.	\$690	\$840	\$960	0	0	125	40	\$1351	\$300	\$740
9. DeVil Funeral Home 2222 Wisconsin Ave., N.W.	\$775	\$895	\$995	60	100	0		\$1176	\$450	\$885
10. Edmonson Funeral Service 909 6th St., N.W.	\$479[?]	\$506[?]	\$522[?]	75	0	0	0	\$750	\$115	\$478
11. Frazier's Funeral Home 389 R.I. Ave., N.W.	\$495	\$595	\$895	125	50	80	45	\$895	\$278	\$373
12. Joseph Gavel's Sons 5130 Wisconsin Ave., N.W.	\$694	\$798	\$998	95	50	75		\$1830	\$485	\$617
13. S.W. Hackert & Sons 814 Upshur St., N.W.	\$350	\$425	\$637	A-0, B-60 C-60	0	0	0	\$720	\$295	\$500
14. Hall Brothers 621 Florida Ave., N.W.	\$702	\$950	\$1000	45	85	85	40	\$790	\$225	
15. Timothy Hanlon 4748 Wisconsin Ave., N.W.	\$425	\$825	\$995	0	0	0		\$852	\$300	\$535
16. Hoffman's 909 - 6th St., N.W.	\$400	\$500	\$750	0	0	0	0	\$701		
17. R.N. Houston Co. 600 Kennedy St., N.W.	\$453	\$636	\$802	0	0	0	0	\$1040		\$453
18. Hunt Funeral Home 1203 - K St., N.E.	\$400[?]	\$595[?]	\$650[?]	0	0	0	37	\$950	\$100	\$510
19. W.K. Huentemann & Son 5732 Georgia Ave., N.W.	\$395	\$495	\$595	0	0	0		\$1058	\$250	\$395
20. Walter E. Hunter 2512 Sheridan Rd., S.E.	\$510	\$700	\$900	0	0	0	0	\$700		\$500
21. Hyson's Funeral Home 1200 - N St., N.W.	\$500	\$570	\$670	75	75	0		\$869	\$375	\$625
22. W. Lester Jarvis Co. 1432 - U St., N.W.	\$300	\$499	\$599	0	0	0		\$964	\$300	\$500
23. Johnson & Jenkins, Inc. 4804 Georgia Ave., N.W.	\$550	\$635	\$865	75	75	75	B-40, C-40	\$1163	\$325	\$875
24. Joyner's Unity 145 Kennedy St., N.W.	\$416	\$500	\$600	A-0, B-25 C-25	0	0	40		\$275	\$375
25. John W. Latney 3631 Georgia Ave., N.W.	\$450	\$545	\$795	75	0	35	37	\$840	\$135	\$450
26. J. Wm. Lee's Sons Co. 4th & Mass. Ave., N.E.	\$400	\$525	\$775	A-0, B-0, C-150	A-0, B-0, C-150	A-0, B-0, C-150	0	\$1118	\$275	\$525
27. C.V. Lewis 1141 - 72nd St., N.W.	\$475[?]	\$565[?]	\$650[?]	0	0	0	42	\$785		
28. Magyuder Funeral Home 2311 M.L. King Ave., S.E.	\$900	\$955	\$1020	75	0	0	45	\$944	\$334	\$552
29. Malvan & Schey				FAILED TO FILE						
30. Manor Park 6201 - 3rd St., N.W.	\$325	\$425	\$500	0	0	0	0	\$925	\$250	\$450
31. Marshall's 522 - 8th St., S.E.	\$550	\$600	\$695	100	0	0	0	\$1000		
32. Robert C. Mason, Inc. 8661 Goodhope Rd., S.E.	\$450	\$640	\$860	A-0, B-50, C-100	A-0, B-50, C-75	A-0, B-50, C-75	C-45	\$1200	\$150	\$475
33. Robert A. Mattingly 131 - 11th St., S.E.	\$500	\$645	\$780	100	100	0		\$944	\$295	\$600
34. McGuire, Inc. 1800 - 1826 8th St., N.W.	\$525	\$750	\$875	0	0	0	45	\$1172	\$250	\$560
35. Modern Funeral Home 3921 - 14th St., N.W.	\$445	\$545	\$750	50	0	0	38	\$750	\$170	\$370
36. Montgomery Bros. Inc. 719 Kennedy St., N.W.	\$575	\$650	\$875	0	0	40	0	\$1218		
37. Morrow & Woodford, Inc. 1622 - 11th St., N.W.	\$400[?]	\$595[?]	\$750[?]	0	0	0	0	\$750	\$100	\$370
38. Alexander S. Pope, Inc. 2617 Pa. Ave., S.E.	\$432	\$545	\$745	100	50	50	40	\$885	\$250	\$507
39. John T. Rhines Co. 3030 - 12th St., N.E.	\$495	\$595	\$685	50	50	100	40	\$1080	\$440	\$770
40. Ronald Funeral Home 7400 Georgia Ave., N.W.	\$784	\$880	\$995	0	0	0		\$910	\$395	\$505
41. Robinson Company 1313 - 6th St., N.W.	\$500[?]	\$573[?]	\$593[?]	A-25, B-40	0	0	36	\$793	\$157	
42. Rollins, Inc. 4339 Hunt Pl. N.E.	\$450	\$525	\$875	50	50	50	37	\$1168	\$250	\$375
43. St. John's 913 Florida Ave., N.W.	\$350	\$450	\$650	35	25	25	35	\$200		\$350
44. Spangler Funeral Home 525 - 8th St., N.E.	\$475	\$725	\$775	100	0	0	40	\$1000	\$250	\$550
45. Stein Hebrew Memorial 232 Carroll St., N.W.	\$700	\$765	\$815	0	0	125	60	\$1164	\$250	\$810
46. Stewart Funeral Home 4001 Burning Rd., N.E.	\$395	\$635	\$735	A-0, B-60	A-0, B-45	0	35	\$922	\$225	\$460
47. James T. Sutton 5635 Eads St., N.E.	\$497	\$541	\$568	75	0	0	0	\$695		
48. Takoma Funeral Home Inc. 254 Carroll St., N.W.	\$780	\$898	\$997	0	0	0	0	\$1136	\$335	\$890
49. W. Warren Takavall 4748 Wisconsin Ave., N.W.	\$595	\$625	\$825	50	150	150		\$960	\$295	\$695
50. B.F. Taylor 509 - 6th St., N.W.	\$210	\$325	\$625	0	0	0	37	\$700	\$80	
51. Universal Inc. 145 Kennedy St., N.W.	\$300	\$450	\$550	0	A-10, B-15, C-20	A-15, B-20, C-25		\$550	\$300	\$450
52. Van's Funeral Service 3921 - 14th St., N.W.	\$526	\$555	\$595	100	25	25	38	\$500	\$250	\$395
53. Wash. Funeral Chapel 475 - H St., N.W.	\$654	\$759	\$880	0	0	0	37		\$250	\$598
54. H.S. Washington & Sons 4925 27 Duane Ave., N.E.	\$378	\$424	\$526	0	0	0	37	\$812	\$150	\$453
55. Watson's, Inc. 3435 - 14th St., N.W.	\$575[?]	\$675[?]	\$775[?]	60	0	0	37	\$912	\$250	\$625
56. Leonard R. Woodfork 1722 N. Capitol St., N.W.	\$500	\$589	\$750	80	15	15		\$750		
57. Gr. Wash. Mem. Soc. 1500 Harvard St., N.W.	\$495								\$240	\$465
58. 532-3345										

[Data from October - December, 1973]

Note: There may be differences in the quality of the goods and services provided at different mortuaries.

NOTES

(Numbers in parentheses correspond to mortuary numbers in Table 1)

- ♦ Limousine not provided; available as an extra (7, 9, 12, 15, 19, 21, 26, 33, 40, 49, 51, 56. No limousine with A (22, 23,) or with A and B (32).
- ♦ Organist (and sometimes vocalist) provided for chapel services (2, 5, 6, 9, 12, 14, 18, 22, 26, 27, 32, 34, 39, 41, 48, 50, 54).
- ♦ Includes attendance of a nurse (5, 14, 36, 39).
- ♦ Includes D.C. sales tax (14, 20).
- ♦ Free newspaper death notice provided (1, 11, 14, 28, 33, 34, 39, 52).
- ♦ Flower van provided (6, 9, 12, 14, 16, 26, 27, 30, 31, 33, 39, 40, 48, 50).
- ♦ Includes hairdresser's services for decedent (8, 9, 17, 26, 40, 48).
- ♦ Includes special courtesy transportation for family (2, 18, 36, 39 with B and C, 40).
- ♦ Includes floral arrangement (18, 31, 39).
- ♦ Only one night of viewing on A (49).
- ♦ B and C include limousine for night service preceding funeral (22).
- ♦ Includes a Fleetwood sedan, rather than a limousine. Extra Fleetwoods provided as needed (35).
- ♦ Includes additional religious articles (8, 45); grave marker (8).
- ♦ Ownership changed or new business begun during 1972 or 1973. Data reflect period since change in business status (7, 8, 30, 44, 51, 52, 55, 56).
- ♦ Temporarily inactive during 1973 (3, 43).
- ♦ Same casket in A, B, & C. B adds burial garment; C includes burial garment and Chevra Kadisha. Embalming not included (45).
- ♦ Same casket in A and B. B has a limousine both for a night of viewing and for the funeral, while A has none. C is the same as B, except for the casket (23).
- ♦ Same casket in A and B. B includes cremation, while A does not. Funeral C uses a different casket and includes

two nights of viewing, compared with one night in A and B. C does not include cremation (26).

- ♦ \$45 discount if no hearse (4, 32 on C).
- ♦ \$21 discount if no church service (36).
- ♦ \$10 discount if no nurse (5, 36) or organist (5).
- ♦ \$40 discount if no newspaper death notices (28).
- ♦ \$15 discount if no newspaper death notice. If no casket, discounts of \$100, \$129, and \$169 on A, B, and C, respectively. No charge for pallbearers, as needed (52).

* * * *

TABLE 2:
THE TEN LOWEST-PRICED "COMPLETE" FUNERALS IN WASHINGTON, D.C. THE ELEVEN LOWEST AVERAGE PRICES AMONG D.C. MORTUARIES

THE TEN LOWEST-PRICED "COMPLETE" FUNERALS IN WASHINGTON, D.C.	THE ELEVEN LOWEST AVERAGE PRICES AMONG D.C. MORTUARIES
B. F. TAYLOR FUNERAL HOME	VANN'S FUNERAL SERVICE
W. ERNEST JARVIS CO.	UNIVERSAL FUNERAL HOME
UNIVERSAL FUNERAL HOME	JAMES T. SUTTON FUNERAL HOME
MANOR PARK FUNERAL SERVICE	WALTER E. HUNTER FUNERAL HOME
S.W. HACKETT & SONS (PETWORTH FUNERAL HOME)	B.F. TAYLOR FUNERAL HOME
ST. JOHN'S FUNERAL HOME	HOFFMAN'S FUNERAL HOME
HENRY S. WASHINGTON & SONS	S.W. HACKETT & SONS (PETWORTH FUNERAL HOME)
W. H. BACON FUNERAL HOME	EDMONSON FUNERAL SERVICE
W. K. HUNTEMANN & SON FUNERAL HOME	MODERN FUNERAL HOME
STEWART FUNERAL HOME	MORROW & WOODFORD FUNERAL HOME
	LEMUEL R. WOODFORK FUNERAL HOME

A

B

TABLE 3: 3 LOWEST-PRICED FUNERALS AS A PERCENTAGE OF TOTAL ADULT FUNERALS (1972 & '73)

	A	B	C		A	B	C
W.H. Bacon	\$395 17%	\$495 5%	\$650 43%	Magruder	\$900 22%	\$955 26%	\$1020 3%
Barnes & Matthews	\$550 13%	\$650 9%	\$750 20%	Manor Park	\$325 1%	\$425 17%	\$500 2%
Sam Butler	\$650 6%	\$875 2%	\$1085 0%	Marshall's	\$550 5%	\$600 7%	\$695 13%
Morris A. Carter	\$600 0%	\$750 0%	\$900 100%	Robert G. Mason	\$450 1%	\$640 7%	\$860 21%
W.W. Chambers Co.	\$595 22%	\$895 27%	\$995 24%	Robert A. Mattingly	\$500 8%	\$645 21%	\$780 7%
Cook & Dudley's	\$495 4%	\$598 19%	\$740 6%	McGuire	\$525 8%	\$750 14%	\$875 18%
Danzansky-Goldberg	\$690 4%	\$840 0%	\$960 13%	Modern	\$445 13%	\$545 15%	\$750 14%
DeVol	\$775 4%	\$895 5%	\$995 2%	Montgomery Bros.	\$575 6%	\$650 9%	\$875 25%
Edmonson	\$479 0%	\$506 6%	\$552 9%	Morrow & Woodford	\$400 3%	\$595 5%	\$750 10%
Frazier's	\$495 4%	\$595 7%	\$895 11%	Alexander S. Pope	\$432 3%	\$545 17%	\$745 28%
Joseph Gavler's Sons	\$694 1%	\$790 5%	\$998 2%	John T. Rhines Co.	\$495 7%	\$595 1%	\$685 5%
S.W. Hackett & Sons	\$350 0%	\$425 0%	\$637 50%	Rinaldi	\$784 6%	\$880 18%	\$995 10%
Hall Brothers	\$702 32%	\$950 24%	\$1000	Robinson Co.	\$500 28%	\$573 36%	\$593 36%
Timothy Hanlon	\$425 35%	\$825 17%	\$995 15%	Rollins	\$450 5%	\$525 2%	\$875 2%
Hoffman's	\$400 11%	\$500 14%	\$750 14%	St. John's	\$350 25%	\$450 0%	\$650 25%
R.N. Horton Co.	\$453 8%	\$636 12%	\$802 8%	Spangler	\$475 5%	\$725 0%	\$775 5%
Hunt	\$400 2%	\$595 4%	\$650 4%	Stein Hebrew Mem.	\$700 0%	\$765 0%	\$815 2%
W.K. Huntemann & Son	\$395 2%	\$495 0%	\$595 5%	Stewart	\$395 5%	\$635 3%	\$735 5%
Walter E. Hunter	\$510 0%	\$700 76%	\$900 19%	Takoma	\$780 7%	\$898 8%	\$997 15%
Hysong's	\$500 3%	\$570 2%	\$670 9%	W.W. Taltavull	\$595 16%	\$625 12%	\$825 1%
W.E. Jarvis Co.	\$300 8%	\$499 1%	\$599 8%	B.F. Taylor	\$210 0%	\$325 20%	\$625 27%
Johnson & Jenkins	\$550 18%	\$635 11%	\$865 8%	Universal	\$300 13%	\$450 23%	\$550 52%
Joyner's Unity	\$416 0%	\$500 0%	\$600 0%	Vann's	\$526 0%	\$555 9%	\$595 36%
John W. Latney	\$450 7%	\$545 9%	\$795 12%	H.S. Washington & Sons	\$378 0%	\$424 1%	\$526 3%
J. Wm. Lee's Sons	\$400 8%	\$525 2%	\$775 0%	Watson's	\$575 22%	\$675 17%	\$775 16%
C.V. Lewis	\$475 17%	\$565 0%	\$650 0%	Lemuel R. Woodfork	\$500 0%	\$589 0%	\$750 100%

TABLE 4: DISTRIBUTION OF D.C. MORTUARIES BY AVERAGE PRICE

Price Range	Number
\$ 700 OR BELOW	5
\$ 701 - 800	10
\$ 801 - 900	7
\$ 901 - 1,000	14
\$1,001 - 1,100	4
\$1,101 +	<u>11</u>
TOTAL REPORTING	51
(NO DATA)	<u>5</u>
TOTAL	56

TABLE 5: TEN LEAST EXPENSIVE CREMATATIONS (IMMEDIATE)
AVAILABLE IN D.C.

B. F. TAYLOR FUNERAL HOME	\$ 80
HUNT FUNERAL HOME	\$100
MORROW & WOODFORD FUNERAL HOME	\$100
EDMONSON FUNERAL SERVICE	\$115
JOHN W. LATNEY FUNERAL HOME	\$135
BARNES & MATTHEWS FUNERAL HOME	\$150
ROBERT G. MASON FUNERAL HOME, INC.	\$150
HENRY S. WASHINGTON & SONS, INC.	\$150
ROBINSON COMPANY	\$157
MODERN FUNERAL HOME	\$170

APPENDIX A:

ORDER TO FILE SPECIAL REPORT
UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS:

Lewis A. Engman, Chairman
Paul Rand Dixon
Mary Gardiner Jones
David S. Dennison, Jr.
Mayo J. Thompson

FILE NO. 732-3057: FUNERAL INDUSTRY

ORDER REQUIRING FILING OF SPECIAL REPORT

Pursuant to a Resolution of the Federal Trade Commission dated October 4, 1973, entitled "RESOLUTION REQUIRING SUBMISSION OF SPECIAL REPORTS RELATING TO FUNERAL PRICES AND PRICING POLICIES IN THE DISTRICT OF COLUMBIA AND DISCLOSURE THEREOF BY THE COMMISSION IN CONNECTION WITH A PUBLIC INVESTIGATION", a copy of which is enclosed, all corporations served with a copy of this Order are required to file with the Commission the information required in the attached Special Report Form within twenty calendar days of receipt of the Order.

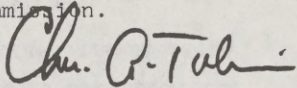
Your report is required to be subscribed and sworn to by an official who has prepared or supervised the report from books, records, personal knowledge or other data and material in your possession. The subscriber is to give his full name and business address and state his official capacity.

You are advised that penalties may be imposed under applicable provisions of Federal law for failure to file special reports or for the filing of false reports.

The information requested should be provided in the spaces on the Special Report Form itself. Additional pages may be attached if necessary.

If your company is not a corporation, it is requested that you furnish this information voluntarily. Otherwise, it will be necessary to require the production of this information under the Commission's subpoena process.

By direction of the Commission.


Charles A. Tobin,
Secretary

Date of Order: October 4, 1973

The Report required by this
Order or any inquiry concern-
ing it should be addressed
to the attention of:

Arthur Angel or Paul Daw, Attorneys
Division of Special Projects
Bureau of Consumer Protection
Federal Trade Commission
Washington, D.C. 20580
Tel. 963-4987 or 962-2744

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS:

Lewis A. Engman, Chairman
Paul Rand Dixon
Mary Gardiner Jones
David S. Dennison, Jr.
Mayo J. Thompson

RESOLUTION REQUIRING SUBMISSION OF SPECIAL
REPORTS RELATING TO FUNERAL PRICES AND
PRICING POLICIES IN THE DISTRICT OF COLUMBIA
AND DISCLOSURE THEREOF BY THE COMMISSION IN
CONNECTION WITH A PUBLIC INVESTIGATION:

FILE NO. 732-3057: FUNERAL INDUSTRY

I. NEED FOR PRICE INFORMATION

The funeral transaction differs considerably from most business arrangements. It involves a substantial consumer expenditure by large numbers of funeral buyers each year. Funeral arrangements must often be made under extreme time pressures, by persons with little or no knowledge of the area in which they are dealing, and whose bereaved condition may render them unable to exercise their normal care and business judgment. The disorientation and dependency occasioned by grief, the lack of standards for gauging the value of the seller's offerings, the need for an immediate decision, general ignorance of legal requirements and restrictions, the difficulty of retrieving the body once it has been committed to a mortician, and the known availability of governmental benefits and other monies to finance the transaction, may all combine to place the funeral buyer in a disadvantageous position vis-a-vis the seller.

Funeral buyers who must make their purchase decisions under such difficult conditions may often do so without basic information essential for a rational choice of funeral director and particular funeral services. Many consumers may speak to only one funeral director, and thus comparison of the offerings and prices of different funeral directors may be the exception, not the rule. Consumers may thus not know what options are available, or whether any of the components of the package of services and goods offered by

the funeral director can be declined and at what price reduction. Consumers may have only a vague idea of what is covered by the price quoted by the funeral director. And there have been a number of allegations that some funeral directors do not have established prices, but set their prices for each customer according to the amount of insurance, union benefits, or other monies available.

If consumers do not have knowledge about prices and choices, and do not shop comparatively for funerals, and if price information is not readily available in advertising or otherwise, the prerequisites for price competition will be lacking.

In a setting in which price advertising may be inadequate and in which consumers may lack basic information about prices and alternatives, there is a potential for unfair and deceptive pricing and sales practices. Accordingly, the Commission has determined to obtain information about pricing practices and policies, and to insure that consumers receive price information, the Commission will make such information public under such terms and conditions as it may from time to time determine.

The Commission needs the information to better understand competitive conditions, to obtain hard data on funeral costs, and generally to assist it to detect and prevent any violations of Section 5 of the Federal Trade Commission Act (15 U.S.C. §45) which may have occurred or be occurring. By injecting such information into the public sector the Commission can supply a stimulus to price competition which can then operate to hold down costs and eliminate such inefficiencies as may exist.

In view of the importance of the possible competitive and information deficiencies in the funeral industry to consumers and to the Commission, the Commission's statutory responsibilities under Section 5 of the Federal Trade Commission Act with respect to unfair and deceptive acts or practices and unfair methods of competition, compel it to take action to obtain information on funeral pricing policies and to make the information available to consumers. And to insure that such information will be complete, accurate, and promptly supplied, the Commission will obtain it with the aid of the compulsory processes available to it.

Accordingly, the Commission resolves that funeral directors and others engaged or involved in the sale of various goods and services in connection with funeral or

other arrangements for disposal of the dead in the District of Columbia shall be required to submit information on prices and related matters, specified in Orders to File Special Reports which shall be issued to such respondents as may be selected by the Commission.

The Commission will compel the production of said information in the exercise of the powers vested in it by Sections 5, 6, 9 and 10 of the Federal Trade Commission Act (15 U.S.C. §§45, 46, 49 and 50) and with the aid of any and all powers conferred upon it by law, and any and all compulsory processes available to it.

II. PUBLIC RELEASE OF THE INFORMATION SUBMITTED

The material obtained by the Commission pursuant to this resolution will be made available to the public under such terms and conditions as the Commission may from time to time determine. In addition, the Commission may release summaries, reports, charts, indices, or other publications which will inform the public about the material delivered or not delivered to it hereunder.

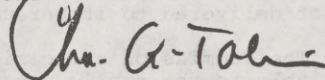
The Commission's decision to make this information available to the public rests on a number of policy considerations, including the following:

- (1) Funeral purchasers need information about prices, options and policies for particular funeral homes and comparative data for different funeral homes, in order to choose rationally a funeral home and the particular funeral arrangements that will best serve their needs.
- (2) Consumers may not be able to obtain the information they need to make intelligent funeral purchases.
- (3) Disclosure of information about funeral prices and policies by the Commission may enable consumers to protect their own interests better when they deal with a funeral director.
- (4) The knowledge that price and other information covered by special reports will be made public may encourage voluntary disclosure of essential information, if such voluntary disclosures are not presently being made. It may also lead to

a self-examination of the fairness of offered prices and conditions, not only by the respondents actually subjected to 6(b) orders, but by others in the industry as well.

- (5) Public disclosure of pricing information may supply a stimulus to price advertising and price competition
- (6) The Commission's limited resources restrict its ability to uncover practices such as tie-in sales, concealing less expensive alternatives, or other potential violations of Section 5 of the Federal Trade Commission Act. Public awareness of the data reported to the Commission can lead the public to alert the Commission to discrepancies between reported and actual behavior and to possible violations of Section 5 of the Federal Trade Commission Act.

By direction of the Commission



CHARLES A. TOBIN,
Secretary.

ISSUED: October 4, 1973

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

SPECIAL REPORT

FUNERAL PRICES AND PRICING POLICIES

Complete and return one copy of this Special Report within twenty (20) calendar days of the date of its receipt to:

Arthur R. Angel and Paul C. Daw,
Attorneys
Bureau of Consumer Protection
Room 459
Federal Trade Commission
Washington, D.C. 20580

Print or type answers to all items on this Special Report, including the certification, in the spaces provided on the form itself. Additional pages may be attached if necessary. An extra copy of this Special Report is provided for your records.

- (1) (a) What is the current price of each of the three lowest priced standard adult funeral services offered by your establishment to anyone who desires them ("standard" as defined below 1/, or your comparable complete package)?

Funeral A (lowest priced) Price \$ _____

Funeral B (next lowest) Price \$ _____

Funeral C (next lowest) Price \$ _____

- (b) If you have no established prices check the box at the right and provide approximate figures in the above spaces with a notation, "Approximate".
- NO SET
PRICES ☐
- (c) Are all of your clients informed of the availability of these three lowest priced funerals when arrangements are discussed: YES ☐ NO ☐

- 1/ A "standard" funeral is defined to include the following: Removal of remains to funeral home; preservation, restoration, and dressing of remains; use of chapel and funeral home facilities; arranging for obituary notices, church services, burial permits, and transcripts of death certificates; use of viewing room; arranging and care of flowers; providing guestbook and acknowledgment cards; use of hearse; arranging for veterans', social security, fraternal, labor union, and life insurance burial benefits; use of one limousine for family; providing prayer cards; arranging for pallbearers; services of professional staff; cost of casket selected by bereaved; and extension of credit.

- (2) In what respects do these three services differ from one another:
- (a) Services provided are the same; only difference is in casket provided ☐
- (b) Funeral B includes different services from Funeral A, namely:
- (c) Funeral C includes different services from Funeral A and Funeral B, namely:
- (3) (a) If your standard funeral does not include all of the goods and services described in the definition, which are omitted?
- (b) Which of these non-included items may be obtained from you, and at what price:

AVAILABLE

PRICE

- (4) List any additional services included in your standard funeral which are not included in the standard funeral service as defined in footnote 1/, above.

- (5) For each of the last three years, indicate how many of each of these three lowest cost funerals have you provided and what percentage this is of the total number of regular adult funeral services provided.

		1971	1972	1973, to date
Funeral A	Number	_____	_____	_____
	Percentage	_____	_____	_____
Funeral B	Number	_____	_____	_____
	Percentage	_____	_____	_____
Funeral C	Number	_____	_____	_____
	Percentage	_____	_____	_____

- (6) By how much will the price of any of your three lowest priced funerals be reduced if the consumer chooses to decline the following (If no reductions are allowed please put a zero in the appropriate spaces):

PRICE REDUCTION

	Fun. A	Fun. B	Fun. C
(a) Preservation and restoration?	\$ _____	\$ _____	\$ _____
(b) Use of viewing room?	\$ _____	\$ _____	\$ _____
(c) Chapel facilities?	\$ _____	\$ _____	\$ _____
(d) Use of limousine?	\$ _____	\$ _____	\$ _____
(e) Any other components of your standard service which the consumer is free to decline? (List such components and the price reductions which follow from refusal of each.)			
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

- (7) For the casket included in each of your three lowest priced standard funerals, indicate:

Cskt. A Cskt. B Cskt. C
(Lowest) (Next (Next
Lowest) Lowest)

- (a) The manufacturer's name _____

- (b) Whether each casket fits any one of the following descriptions, and if so, which one:

No. N	Style	Design	Basic material	Interior material
I.	Hinged panel	Flat top, square end	Wood covered with doeskin	Twill or taffeta
II.	Half couch	Octagon end, oval top	Wood covered with doeskin or broadcloth	Twill
III.	Half couch	Square end, oval top	Wood covered with doeskin or broadcloth	Crepe
IV.	Perfection half couch	Square end, oval top	Steel	Crepe

Cskt. A Cskt. B Cskt. C

Style number
(from chart) _____

- (c) If any of the three caskets conform to none of the foregoing four descriptions, the description of each such casket (including style; design; basic material; and interior material):

Cskt. A

Cskt. B

Cskt. C

- (d) Whether each casket is on display in your selection room. If no selection room, check box at right.

NO Selection
Room ☐

ON DISPLAY?

Cskt. A	YES _____	NO _____
Cskt. B	YES _____	NO _____
Cskt. C	YES _____	NO _____

- (8) Are funeral prices displayed in your establishment:

YES ☒ NO ☐

If so, indicate how prices are shown:

Price cards on individual caskets _____

Prices posted on wall chart or sign _____

Printed price brochure or list _____

Other (please explain below) _____

- (9) When arrangements are made, is the consumer given a written description of the goods and services he is to receive? YES ☒ NO ☐

If so, kindly enclose a copy of a representative written description.

- (10) Do you have any standard method or format for breaking down the charges on the final invoice or statement presented to a consumer for payment? YES ☒ NO ☐

Please enclose a copy of a representative invoice or statement that has been presented to a consumer for payment.

- (11) List the price range of the standard funerals represented by the caskets displayed in your selection room:

Price of lowest priced standard funeral
for which casket is displayed \$ _____

Price of highest priced standard
funeral, for which casket is
displayed \$ _____

- (12) What was your average charge for a standard adult funeral service (not counting partial services, as defined 2/) during the nine months ending September 30, 1973?

- (13) During the nine months ending September 30, 1973, in what percentage of the adult standard services handled by your firm did the funeral buyer obtain the following items through your firm? During that period what was the average price paid for these items by those who did obtain them?

	Percentage of customers obtaining the item	Average cost to those who did obtain it
A. Vault or interment receptacle		
B. Burial clothing		
C. Extra limousine		

- 2/ "Partial" services are defined as services for children or indigents, or cases in which the funeral director provides only a part of the professional services, necessary facilities and equipment, and/or the casket or merchandise as selected.

(13) (Continued) Percentage of customers obtaining the item Average cost to those who did obtain it

D. Flower car		
E. Newspaper death notices		
F. Clergyman's honorarium		
G. Organist or choir		
H. Flowers		
I. Transcripts of death certificate		

(14) (a) If cremation is desired, can that be arranged by you?

YES ☐ NO ☐

(b) If so, how much do you charge for removal service for immediate cremation 3/?

Charge \$ _____

3/ Includes transfer of remains from place of death; preparation and filing of necessary authorizations and consents; shipping container or casket; conveyance to crematory; crematory expense; delivery of cremated remains in crematory container to family or place of interment.

- (c) How much of that charge represents the crematory expense?

Crematory expense \$ _____

- (d) If a casket is required for cremation, check box at right and indicate the source of the requirement: ☐

Crematory rule _____

Legal requirement _____

Requirement of your firm _____

Other (specify) _____

- (15) What is the charge for your lowest-priced service which consists of cremation after viewing (includes all services listed in question (14), plus embalming and preparation, casket and use of reposeing room)?

Charge \$ _____

CERTIFICATION

This Special Report on Funeral Prices and Pricing Policies has been prepared by me or under my personal supervision from records of

(Name of Company or Companies)

and is correct to the best of my knowledge and belief.

(Signature of Official)

(Typed Signature
Above Official)

(Title)

Subscribed and Sworn to before me this _____
day of _____, 19__.

NOTARY PUBLIC

My Commission expires _____

APPENDIX B:

MORTUARIES IN D.C. FUNERAL PRICE SURVEY

MORTUARIES IN D.C. FUNERAL PRICE SURVEY

1. W.H. Bacon Funeral Home
3447 14th Street, N.W.
20010
2. Barnes & Matthews Funeral Home
3619 14th Street, N.W.
20010
3. Oscar Barnes
19 15th Street, S.E.
20003
4. Sam Butler Funeral Home, Inc.
3900 Georgia Avenue, N.W.
20011
5. Morris A. Carter & Company
305 H Street, N.W.
20001
6. W.W. Chambers Co., Inc.
517 11th Street, S.E. 20003
7. Cook & Dudley's Funeral Home
1425 Maryland Avenue, N.E.
20002
8. Danzansky-Goldberg Memorial Chapels
3501 14th Street, N.W.
20010
9. DeVol Funeral Home
2222 Wisconsin Avenue, N.W.
20007
10. Edmonson Funeral Service
909 6th Street, N.W.
20001
11. Frazier's Funeral Home, Inc.
389 Rhode Island Avenue, N.W.
20001

12. Joseph Gawler's Sons
5130 Wisconsin Avenue, N.W.
20016
13. S.W. Hackett & Sons
(Petworth Funeral Home, Inc.)
814 Upshur Street, N.W.
20011
14. Hall Brothers Funeral Home
621 Florida Avenue, N.W.
20001
15. Timothy Hanlon Funeral Home
4748 Wisconsin Avenue, N.W.
20016
16. Hoffman's Funeral Home
909 6th Street, N.W.
20001
17. R.N. Horton Co.
600 Kennedy Street, N.W.
20011
18. Hunt Funeral Home
1203 K Street, N.E.
20002
19. W.K. Huntemann & Son Funeral Home, Inc.
5732 Georgia Avenue, N.W.
20011
20. Walter E. Hunter Funeral Home
2512 Sheridan Road, S.E.
20020
21. Hysong's Funeral Home
1300 N Street, N.W.
20005
22. W. Ernest Jarvis Co., Inc.
1432 U Street, N.W.
20009
23. Johnson & Jenkins Funeral Home, Inc.
4804 Georgia Avenue, N.W.
20011

24. Joyner's Unity Funeral Home
145 Kennedy Street, N.W.
20011
25. John W. Latney Funeral Home
3831 Georgia Avenue, N.W.
20001
26. J. Wm. Lee's Sons Co.
4th & Massachusetts Avenue, N.E.
20002
27. C.V. Lewis Funeral Home
1141 22nd Street, N.W.
20037
28. Magruder Funeral Home
2311 Martin Luther King Jr. Avenue, S.E.
20020
29. Malvan & Schey Funeral Home
424 R Street, N.W.
20001
30. Manor Park Funeral Service
6201 3rd Street, N.W.
31. Marshall's Funeral Service
522 8th Street, S.E.
20003
32. Robert G. Mason Funeral Home, Inc.
1661 Good Hope Road, S.E.
20020
33. Robert A. Mattingly Funeral Homes
131 11th Street, S.E.
20003
34. McGuire Funeral Service, Inc.
1820 to 1826 9th Street, N.W.
20001
35. Modern Funeral Home
3821 14th Street, N.W.
20010

36. Montgomery Brothers Funeral Home, Inc.
719 Kennedy Street, N.W.
20011
37. Morrow & Woodford Funeral Home, Inc.
1622 11th Street, N.W.
20001
38. Alexander S. Pope, Inc.
2617 Pennsylvania Avenue, S.E.
20020
39. John T. Rhines Co.
3030 12th Street, N.E.
20017
40. Rinaldi Funeral Home
7400 Georgia Avenue, N.W.
20012
41. Robinson Company
1313 6th Street, N.W.
20001
42. Rollins Funeral Home, Inc.
4339 Hunt Pl., N.E.
20019
43. St. John's Funeral Home
913 Florida Avenue, N.W.
20001
44. Spangler Funeral Home
525 8th Street, N.E.
20002
45. Stein Hebrew Memorial Funeral Home, Inc.
232 Carroll Street, N.W.
20012
46. Stewart Funeral Home
4001 Benning Road, N.E.
20019
47. James T. Sutton Funeral Home
5635 Eads Street, N.E.
20019

48. Takoma Funeral Home, Inc.
254 Carroll Street, N.W.
20012
49. W. Warren Taltavull Funeral Home
4748 Wisconsin Avenue, N.W.
20016
50. B.F. Taylor Funeral Home
909 6th Street, N.W.
20001
51. Universal Funeral Home, Inc.
412 H Street, N.E. 20002
145 Kennedy Street, N.W. 20011
52. Vann's Funeral Service
3821 14th Street, N.W.
20011
53. Washington Funeral Chapel
475 H Street, N.W.
20002
54. Henry S. Washington & Sons, Inc.
4925-27 Deane Avenue, N.E.
20019
55. Watson's Funeral Home, Inc.
3435 14th Street, N.W.
20010
56. Lemuel R. Woodfork Funeral Home
1722 North Capitol Street, N.W.
20002

48. Thomas Funeral Home, Inc.
222 Carroll Street, N.W.
20013
49. W. Warren Talbott Funeral Home
4125 Wisconsin Avenue, N.W.
20016
50. B. F. Taylor Funeral Home
309 Oak Street, N.W.
20007
51. Universal Funeral Home, Inc.
612 K Street, N.E. 20002
145 Kennedy Street, N.W. 20011
52. Vann's Funeral Service
3521 14th Street, N.W.
20017
53. Washington Funeral Chapel
4125 N Street, N.W.
20013
54. Henry S. Washington & Sons, Inc.
4215-17 Dean Avenue, N.E.
20019
55. Watson's Funeral Home, Inc.
1415 14th Street, N.W.
20017
56. Lemuel A. Woodbury Funeral Home
1123 North Capitol Street, N.W.
20006

