



FROM COFFINS TO COFFERS

CONTRIBUTIONS BY THE FUNERAL INDUSTRY, 1999-2006

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In 2002, the remains of 334 people were discovered at the Tri-State Crematory in Georgia. Families of many of the deceased soon discovered they had been given cement dust instead of the remains of their loved ones.¹ At that time, nine states had “no regulations or laws regulating crematories whatsoever.”² Most states had licensing and regulatory laws, but few had laws that dealt with process and inspection procedures.³

Following the tragedy, a flurry of regulatory activity followed. In Illinois, the state comptroller began more strict licensing procedures as well as an inspection process.⁴ Georgia and Colorado considered bills tightening regulations regarding licensing requirements for funeral services and mandating that providers have certain levels of expertise even if they do not offer that specified service. The legislation in Colorado died in committee, despite the support of the Colorado Funeral Directors Association, but Georgia went on to implement some of the most stringent regulations in the nation.⁵

The funeral industry in the United States is big business, generating more than \$11 billion annually and employing over 100,000 people.⁶ Since 1999, the industry has given more than \$6 million to political parties and state-level candidates in 46 states, positioning themselves to have a hand in shaping legislation and regulation.

Contributors included those from independent funeral homes, cemeteries, mortuaries, monument builders, statewide funeral service associations, as well as full service companies that provide a wide array of funeral services.

An Institute study of contributions from the funeral industry from 1999 to 2006 found that:

- State funeral director associations were the leading contributors, accounting for \$3.3 million, or more than half of the industry’s \$6 million in contributions.
- The industry placed its bets wisely, with current officeholders receiving 82 percent of the \$4.5 million given to candidates and incumbents not up for re-election.
- Party committees in 34 states received \$1.5 million, or 25 percent of the industry’s contributions. The industry favored Republican Party

¹ “Georgia Crematory Operator Faces Lawsuit,” *USA Today*, Aug. 23, 2004, available from http://www.usatoday.com/news/nation/2004-08-23-crematory_x.htm, accessed Mar. 25, 2008.

² Mary Guiden, “Crematories Need More Regulation, Experts Say,” *Stateline*, Mar. 22, 2002, available from <http://www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=14759>, accessed Mar. 25, 2008.

³ *Ibid.*

⁴ “Cemetery and Burial Trust Online, Laws and Legislation,” *Illinois Comptroller*, available from <http://www.illinoiscomptroller.com/office/ccbt/index.cfm?Fuseaction=showPage&PageID=88>, accessed Mar. 25, 2008.

⁵ David Harrington, “New Funeral Regulations Benefit Businesses, Not Grieving Consumers,” *Cato Institute*, available from http://www.cato.org/pub_display.php?pub_id=3176, accessed April 28, 2008.

⁶ Craig Harris, “Funeral Co-op Offers Lower Costs Than Traditional Facilities,” *Seattle Post Intelligencer*, July 10, 2007, available from http://seattlepi.nwsource.com/business/323116_deathbiz11.html, accessed Mar. 19, 2008.

committees to Democratic Party committees, giving \$963,877 and \$567,425, respectively.

- Giving in 15 states generated 90 percent of the contributions from the industry.

FUNERAL INTERESTS

The interests of the funeral industry are not completely monolithic. They fight some oversight, but often support other regulations that may hinder competition.

Of particular interest to the industry is how their operations are regulated. Though the intention of regulation is often to avert future tragedy, the Cato Institute argues that regulations reduce competition and lead to lower quality care, while increased competition encourages competitors to blow the whistle on misbehaving firms.⁷ The Cato Institute is a think tank that argues in support of libertarian ideals and philosophies that include “market liberalism.”⁸ Some states often require lengthy apprenticeships and mortuary science diplomas or mandate the services and facilities that each funeral parlor must offer.⁹

Another focus of the industry is the prepayment of funeral services. While the National Funeral Directors Association recommends prepayment,¹⁰ AARP, an advocacy group for seniors, advises against paying up front.¹¹ State regulations vary from state to state, but most states require sellers deposit 70 percent to 100 percent of preneed payments into trust accounts and others regulate whether plans can be transferred to other funeral homes.¹² While the funeral industry supports laws that protect the consumer, they also admit that laws regulating funeral prepayments are often lacking. Chris Raymond, the editor of the National Funeral Directors Association newsletter, commented that most states “operate with a loosey-goosey patchwork of regulations.”¹³

National Prearranged Services, a company that deals in prepayment services, recently suspended all new sales as its books were examined following accusations that its business model was a “pyramid scheme.”¹⁴ The company stands accused of using payments from new customers to pay

⁷ David Harrington, “New Funeral Regulations Benefit Businesses, Not Grieving Consumers,” *Cato Institute*, July 22, 2003, available from http://www.cato.org/pub_display.php?pub_id=3176, accessed April 28, 2008.

⁸ “About Cato,” *Cato Institute*, available from <http://www.cato.org/about.php>, accessed April 25, 2008.

⁹ Jerry Ellig and Asheesh Agarwal, “Buried Online: State Laws That Limit E-Commerce in Caskets,” *Bepress Legal Services*, 2006, available from <http://law.bepress.com/expresso/eps/1168>, accessed Jan. 25, 2008.

¹⁰ “Why Preplan,” *National Funeral Directors Association*, available from <http://www.nfda.org/page.php?PID=23>, accessed Mar. 20, 2008.

¹¹ Barry Yeoman, “R.I.P.,” *AARP Magazine*, January & February 2008, available from http://www.aarpmagazine.org/money/funeral_rip_off.html?print=yes, accessed Mar. 20, 2008.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ Rick Alm, “Details of Pre-Paid Funeral Operation Released in Charges Against Company,” *Kansas City Star*, May 2, 2008, available from <http://www.kansascity.com/382/v-print/story/602157.html>; accessed on May 5, 2008.

off old claims, a gambit which involved 46,000 customers and “\$104 million worth of Missourians’ insurance policies that backed prepaid funeral plans.”¹⁵

Funeral merchandise is also a point of contention in many states. A 2006 academic study found that 10 states have virtual casket monopolies, which require consumers to buy caskets from strictly state approved vendors. These operators usually mark up their caskets 300 percent to 400 percent.¹⁶ Other states, such as Maine, allow people to be buried in any type of box “as long as it’s enclosed.”¹⁷ Federal appeals courts have struck down casket laws in Tennessee and Mississippi, while regulations in Oklahoma have been upheld.¹⁸

Out-of-state and online vendors have also joined the fray. China recently entered the U.S. casket market, a market that is a “key source of profit” in the industry, selling caskets for 25 percent less than those built in the US.¹⁹ The national retail chain Costco has also entered the market, forcing some funeral homes to reduce prices.²⁰

WHO GAVE

The top 15 contributors gave \$1.5 million or 25 percent of the industry’s contributions from 1999 to 2006.

- State funeral director associations in 29 states accounted for nearly \$3.3 million of the \$6 million, or 54 percent of all industry contributions. The New York Funeral Directors Association contributed nearly \$1 million, accounting for 30 percent of all funeral director association contributions and 16 percent of all industry contributions.
- Service Corp. International, which bills itself as “North America’s largest single provider of funeral, cremation and cemetery services,”²¹ contributed more than \$319,800 in 19 states. Candidates and party committees in Texas received the bulk the company’s money,

¹⁵ Rick Alm, “Details of Pre-Paid Funeral Operation Released in Charges Against Company,” *Kansas City Star*, May 2, 2008, available from <http://www.kansascity.com/382/v-print/story/602157.html>; accessed on May 5, 2008.

¹⁶ Jerry Ellig and Asheesh Agarwal, “Buried Online: State Laws That Limit E-Commerce in Caskets,” *Bepress Legal Services*, 2006, available from <http://law.bepress.com/expresso/eps/1168>, accessed Jan. 25, 2008.

¹⁷ “Coffin Maker Offers Less Costly Alternative,” *Kennebec Journal & Morning Sentinel*, Jan. 7, 2008, available from <http://morningsentinel.maintoday.com/news/local/4620508.html>, accessed Jan. 25, 2008.

¹⁸ Jeff Kearns, “Picking Your Casket at Costco,” *Marketwatch*, May 10, 2006, available from <http://www.marketwatch.com/news/story/discounters-peddle-caskets-funeral-economics/story.aspx?guid=%7bB3E7D918-4E97-40D4-9445-A73B6676D3A0%7d&print=true&dist=printTop>, accessed Jan. 28, 2008.

¹⁹ Jim Hopkins, “China Adds to Funeral Troubles,” *USA Today*, July 12, 2005, available from http://www.usatoday.com/money/industries/manufacturing/2005-07-12-caskets-usat_x.htm, accessed Mar. 19, 2008.

²⁰ Jeff Kearns, “Picking Your Casket at Costco,” *Marketwatch*, May 10, 2006, available from <http://www.marketwatch.com/news/story/discounters-peddle-caskets-funeral-economics/story.aspx?guid=%7bB3E7D918-4E97-40D4-9445-A73B6676D3A0%7d&print=true&dist=printTop>, accessed Jan. 28, 2008.

²¹ “Who We Are. What We Do”. *Service Corporation International*, available from <http://www.sci-corp.com/SCICORP/home.aspx>, accessed Mar. 20, 2008.

garnering 52 percent, or \$165,225. Florida and Georgia received much of the rest of the contributions, \$54,950 and \$42,250, respectively.

- National Prearranged Services — which assists in prefuneral arrangements and is an affiliate of Lincoln Memorial Life Insurance — contributed \$108,827, 89 percent of which was contributed in the company’s home state of Missouri. The company gave 34 percent of their contributions to party committees in the state: \$28,665 to Republicans and \$8,250 to Democrats. Due to recent legal action as a result of being accused of running a pyramid scheme, the company has halted new sales in 10 states.²²
- Nevada-based Palm Mortuaries gave \$180,500, accounting for all the contributions by funeral service providers in that state.

TOP FUNERAL INDUSTRY CONTRIBUTORS, 1999-2006

CONTRIBUTOR	TOTAL
New York State Funeral Directors Association	\$990,390
New Jersey Funeral Directors Association	\$748,588
Service Corp International/SRV PAC	\$319,800
Michigan Funeral Directors Association	\$302,064
Illinois Funeral Directors Association	\$226,870
Palm Mortuaries	\$180,500
Texas Funeral Directors Association	\$159,100
Ohio Funeral Directors Association	\$131,475
Pennsylvania Funeral Directors Association	\$110,475
National Prearranged Services	\$108,827
TOTAL	\$3,278,089

WHERE THE MONEY WENT

Gubernatorial and lieutenant governor candidates and incumbents not up for election received \$726,845. Current executive officeholders not up for election received nearly \$70,000 while \$657,070 went to candidates. Incumbent candidates received \$508,443, or 77 percent of funds given to executive office candidates. Winning gubernatorial candidates received \$382,401 of the \$657,070 or 58 percent of all funds given to candidates for executive office.

Legislative candidates and officeholders not up for election received the bulk of the industry’s contributions: \$3.5 million. Officeholders not up for election received \$318,654 while candidates received just over \$3.2 million. The industry favored Republicans, giving their candidates nearly \$1.8 million, while Democratic candidates received \$1.4 million. Incumbent candidates were recipients of 84 percent of the industry’s money to legislative candidates. Contributions to winning candidates accounted for 89 percent of contributions given to legislative candidates.

²² Rick Alm, “Details of Pre-Paid Funeral Operation Released in Charges Against Company,” *Kansas City Star*, May 2, 2008, available from <http://www.kansascity.com/382/v-print/story/602157.html>, accessed May 5, 2008.

Funeral industry interests contributed over \$963,877 to Republican party committees, 70 percent more than the \$567,425 to Democratic Party committees.

CONTRIBUTIONS BY OFFICE TYPE, 1999-2006

OFFICE TYPE	REPUBLICAN	DEMOCRAT	3 RD PARTY/ INDEPENDENT	TOTAL
Legislative Candidates	\$1,959,349	\$1,557,753	\$12,894	\$3,529,996
State Party Committees	\$963,877	\$567,425	NA	\$1,531,302
Governor/Lieutenant Governor	\$404,400	\$320,444	\$2,000	\$726,845
Statewide Constitutional Offices	\$92,554	\$96,912	\$1,350	\$190,816
Other Offices ²³	\$12,570	\$21,940	\$100	\$34,610
Supreme Court	\$5,340	\$5,875	\$7,450	\$18,665
TOTAL	\$3,438,090	\$2,570,350	\$23,794	\$6,032,239

TARGETED RECIPIENTS, 1999-2006

The industry gave \$1.5 million, or 25 percent, of its contributions to the party committees in 33 states. Seventy-nine percent, or \$1.2 million, of party committee contributions went to party committees in New York and the following three states:

- In **New Jersey** the industry contributed slightly more than \$300,000 to party committees: \$155,019 to Democrats and \$151,619 to Republicans. Contributions to party committees constituted 37 percent of all the industry's contributions in New Jersey. The New Jersey State Funeral Directors Association was the largest single industry contributor in the state, giving close to \$750,000 — or 90 percent — of the \$836,000 in contributions in the state since 2000.
- In **Michigan** the industry contributed \$29,275 to two Democratic committees and \$87,200 to three Republican committees. Contributions to party committees accounted for one-third of all contributions to the state by the industry.
- In **Florida** the industry contributed \$25,735 to the Democrat Party committees and \$75,400 to the Republican Party committees, accounting for 24 percent of all contributions by the industry in the state.

Several candidates received substantial contributions from the industry:

- Former Democratic New York Gov. **Eliot Spitzer** received \$64,000 during his gubernatorial campaign and \$12,800 in his previous campaigns for attorney general.

²³ Offices included in "Other Offices" are slate committees, board of education, executive council, and RTD board.

- Former New York Republican Gov. **George Pataki** received \$58,294 from the industry in 200, 2002 and 2004.
- Former Illinois Attorney General and 2002 Republican gubernatorial candidate **Jim Ryan** received more than \$60,000 from the industry — \$59,170 for his 2002 gubernatorial campaign and \$2,025 for his attorney general race in 2000.

TOP INDIVIDUAL RECIPIENTS OF FUNERAL INDUSTRY MONEY, 1999-2006

RECIPIENT	STATE	PARTY	OFFICE(S)	CONTRIBUTIONS
Spitzer, Eliot L.	New York	Democrat	Attorney General/Governor	\$79,058
Ryan, Jim	Illinois	Republican	Attorney General/Governor	\$61,195
Pataki, George E.	New York	Republican	Governor	\$58,294
Skelos, Dean	New York	Republican	Senate	\$36,400
Cardinale, Gerald	New Jersey	Republican	Senate	\$35,300
Baxley, Dennis K.	Florida	Republican	House	\$33,908
Taylor, Mark	Georgia	Democrat	Governor /Lieutenant Governor	\$32,900
Bruno, Joseph L.	New York	Republican	Senate	\$32,000
Granholm, Jennifer M.	Michigan	Democrat	Attorney General/Governor	32,079
Codey, Richard J.	New Jersey	Democrat	Senate	\$29,075
TOTAL				\$429,909

Fifteen states each received over \$100,000 from the industry, accounting for \$5.4 million, or 90 percent of the \$6 million in contributions.

Candidates and committees in New York were the recipients of 23 percent of all the industry’s contributions. Specific regulations of the industry make the state stand out, which may explain the large number of industry contributions to New York candidates and party committees. New York strictly regulates pre-need funds, requiring “funeral directors to deposit 100 percent of prepaid money in interest bearing accounts that are fully refundable at any time.”²⁴ The regulation also requires that accounts can be transferred to other states as well.²⁵ Further, New York is the only state that does not allow funeral directors to offer consumers package funeral services; rather it requires providers to itemize all expenses.²⁶ New York state party committees received \$685,247, half of all money given in the state. Three Republican committees received \$432,176, while three Democratic committees received \$253,071.

²⁴ “Change State Law On Pre-Paid Funerals,” Editorial, *Lincoln Journal Star*, Nov. 27, 2007, available from <http://www.journalstar.com/articles/2007/11/27/opinion/editorial/doc474b54246aa04524800906.txt>; accessed Mar. 25, 2008.

²⁵ “Change State Law On Pre-Paid Funerals,” Editorial, *Lincoln Journal Star*, Nov. 27, 2007, available from <http://www.journalstar.com/articles/2007/11/27/opinion/editorial/doc474b54246aa04524800906.txt>; accessed Mar. 25, 2008.

²⁶ “Bill Summary A08042,” *New York State Bill Search*, available from <http://assembly.state.ny.us/leg/?bn=A08042>, accessed Mar. 25, 2008.

TOP RECIPIENT STATES, 1999-2006

STATE	TOTAL
New York	\$1,377,917
New Jersey	\$836,160
Illinois	\$520,764
Florida	\$416,130
Texas	\$355,085
Michigan	\$328,189
Pennsylvania	\$236,864
Maryland	\$230,940
California	\$196,144
Missouri	\$181,774
Nevada	\$180,500
Georgia	\$170,281
South Carolina	\$159,049
Ohio	\$133,585
Virginia	\$104,096
TOTAL	\$5,427,477

APPENDIX A: FUNERAL INDUSTRY CONTRIBUTIONS BY STATE, 1999-2006

STATE	TOTAL	RANK
Alabama*	\$29,434	22
Alaska	\$0	N/A
Arizona	\$1,900	40
Arkansas	\$32,500	21
California	\$196,144	9
Colorado	\$3,121	38
Connecticut	\$79,980	17
Delaware	\$7,300	33
Florida	\$416,130	4
Georgia	\$170,281	12
Hawaii**	\$10,650	31
Idaho	\$2,550	39
Illinois	\$510,764	3
Indiana	\$53,894	18
Iowa	\$26,550	24
Kansas	\$49,996	20
Kentucky	\$16,250	28
Louisiana*	\$97,395	16
Maine	\$6,000	35
Maryland*	\$230,940	8
Massachusetts	\$1,150	41
Michigan	\$328,189	6
Minnesota	\$10,650	32
Mississippi*	\$13,980	30
Missouri	\$181,774	10
Montana	\$0	N/A
Nebraska*	\$500	43
Nevada	\$180,500	11
New Hampshire	\$700	42
New Jersey	\$836,160	2
New Mexico	\$15,000	29
New York	\$1,377,917	1
North Carolina	\$22,300	25
North Dakota*	\$0	N/A
Ohio	\$133,585	14
Oklahoma	\$6,700	34
Oregon	\$4,548	36
Rhode Island	\$0	N/A
Pennsylvania	\$236,864	7
South Carolina	\$159,049	13
South Dakota	\$0	N/A
Tennessee	\$18,725	27
Texas	\$355,085	5
Utah	\$27,020	23
Vermont	\$4,050	37
Virginia	\$104,096	15

STATE	TOTAL	RANK
Washington	\$50,234	19
West Virginia	\$20,880	26
Wisconsin	\$450	44
Wyoming	\$350	45
\$6,032,239		TOTAL

*Data may be incomplete because records for sitting legislators not up for election may be incomplete.

**Hawaii data is not complete.

APPENDIX B: FUNERAL INDUSTRY CONTRIBUTIONS BY CYCLE, 1999-2006

STATE	2000	2002	2004	2006	TOTAL
New York	\$226,721	\$447,095	\$396,824	\$307,276	\$1,377,917
New Jersey	\$40,220	\$261,045	\$189,018	\$345,878	\$836,160
Illinois	\$104,960	\$157,510	\$125,320	\$122,974	\$510,764
Florida	\$94,278	\$140,945	\$48,757	\$132,150	\$416,130
Texas	\$85,175	\$121,965	\$66,645	\$81,300	\$355,085
Michigan	\$76,795	\$76,454	\$88,140	\$86,800	\$328,189
Pennsylvania	\$52,450	\$70,545	\$45,366	\$68,502	\$236,864
Maryland	\$425	\$97,971	\$64,129	\$68,415	\$230,940
California	\$27,700	\$39,398	\$64,300	\$64,746	\$196,144
Missouri	\$60,059	\$40,608	\$46,572	\$34,535	\$181,774
Nevada	\$4,500	\$43,000	\$55,000	\$78,000	\$180,500
Georgia	\$37,510	\$33,400	\$23,125	\$76,246	\$170,281
South Carolina	\$57,050	\$41,009	\$27,825	\$33,165	\$159,049
Ohio	\$35,550	\$34,660	\$33,725	\$29,650	\$133,585
Virginia	\$15,555	\$31,728	\$11,750	\$45,063	\$104,096
Louisiana*	\$46,925	\$6,200	\$36,750	\$7,520	\$97,395
Connecticut	\$29,925	\$20,755	\$11,075	\$18,225	\$79,980
Indiana	\$24,610	\$7,204	\$11,040	\$11,040	\$53,894
Washington	\$20,420	\$6,600	\$16,955	\$6,259	\$50,234
Kansas	\$6,525	\$17,296	\$10,550	\$15,625	\$49,996
Arkansas	\$4,700	\$6,925	\$5,350	\$15,525	\$32,500
Alabama*	\$2,550	\$14,597	\$0	\$12,287	\$29,434
Utah	\$15,870	\$4,600	\$5,600	\$950	\$27,020
Iowa	\$7,700	\$5,900	\$5,450	\$7,500	\$26,550
North Carolina	\$11,500	\$4,300	\$1,750	\$4,750	\$22,300
West Virginia	\$3,700	\$2,780	\$8,100	\$6,300	\$20,880
Tennessee	\$2,050	\$5,875	\$2,450	\$8,350	\$18,725
Kentucky	\$4,700	\$3,000	\$4,950	\$3,600	\$16,250
New Mexico	\$5,100	\$1,350	\$2,700	\$5,850	\$15,000
Mississippi*	\$5,850	\$0	\$7,130	\$1,000	\$13,980
Hawaii**	\$0	\$0	\$2,100	\$8,550	\$10,650
Minnesota	\$4,850	\$0	\$3,300	\$2,500	\$10,650
Delaware	\$1,450	\$1,000	\$3,450	\$1,400	\$7,300
Oklahoma	\$3,800	\$1,600	\$1,200	\$100	\$6,700
Maine	\$400	\$1,750	\$2,750	\$1,100	\$6,000
Oregon	\$200	\$2,050	\$298	\$2,000	\$4,548
Vermont	\$0	\$800	\$1,700	\$1,550	\$4,050
Colorado	\$200	\$1,621	\$600	\$700	\$3,121
Idaho	\$350	\$1,700	\$0	\$500	\$2,550
Arizona	\$500	\$750	\$150	\$500	\$1,900
Massachusetts	\$0	\$100	\$400	\$650	\$1,150
New Hampshire	\$0	\$540	\$0	\$160	\$700
Nebraska*	\$0	\$500	\$0	\$0	\$500
Wisconsin	\$250	\$0	\$200	\$0	\$450
Wyoming	\$0	\$50	\$300	\$0	\$350
TOTAL	\$1,123,073	\$1,757,176	\$1,432,794	\$1,719,191	\$6,032,239

*Data may be incomplete because records for sitting legislators not up for election is incomplete in this state.

**Hawaii data is not complete