



'Death care giants' team up with church: relationship raises issues about church role in bereavement. (Catholics and the funeral industry)(Cover Story)



National Catholic Reporter; 1/30/1998; Wirpsa, Leslie

The leasing of land for mortuaries by the Los Angeles Catholic archdiocese to the funeral conglomerate Stewart Enterprises Inc raises doubts in the minds of some about the rightness of the alliance which should be lucrative for both concerns. Arguments for and against the scheme are discussed.

LOS ANGELES -- Imagine your local diocese signing a lease with an oil giant allowing the company to build gas stations on half of the parish parking lots in your diocese.

What if priests sent a message to parishioners to use those businesses even though their prices might be higher than independently run pumps? What if parishioners then found out that the church and the oil giant expected considerable financial gain from this partnership?

No, the church is not twinning with the gas business. The hypothetical scenarion was raised by funeral industry expert and critic Darrell J. Roberts to dramatize growing concern over the leasing of land by the Los Angeles archdiocese to death care giant Stewart Enterprises Inc. The leases will allow Stewart, the third largest funeral chain in the country, to build and operate upscale mortuaries at six of 11 Catholic cemeteries in the archdiocese.

The announcement of the agreement has already had significant implications. SCI -- Service Corporation International -- the largest chain in the United States, was spurred by news of the agreement to form a wholly owned subsidiary, Christian Funeral Services Inc., "dedicated to the management of funeral homes, cemeteries and related assets for Catholic dioceses throughout North America."

If the business were gas, Roberts argued, "The public would be in an outcry. All of Los Angeles would be in an outcry. But when it's death care, the response is, 'I don't understand.'" Gas stations or mortuaries, "What's the difference?" he asked. "The death care business is really a big, big

business."

It is also a quickly changing business. A relentless series of acquisitions and mergers is fundamentally reshaping the funeral industry, spawning a new breed of death care giants. The new conglomerates are gobbling up traditional, smaller funeral homes as well as cemeteries, enabling the large firms to offer one-stop shopping -- from embalming to burial to post-funeral receptions.

Within the last year, the Catholic church has evolved as a major component in the conglomerates' growth plans. The announcement of the cooperative agreement between the Los Angeles archdiocese and Stewart "woke us up," said John Morrow, executive vice president of SCI and president of Christian Funeral Services.

Until the Los Angeles deal was announced, he said, SCI had been talking, but not very seriously, to a number of dioceses and parishes. The development in Los Angeles made SCI leaders think "maybe the need we have heard about is upon us. If the diocese of Los Angeles goes out and seeks the counsel of Stewart and makes a contract with them, there may be other dioceses" that have similar needs, he said in a recent interview.

Some consider the church-conglomerate alliance inevitable, given the state of the funeral industry today. For others, though, the alliance raises new questions about whether the church is drawing too close to an industry that critics say is diminishing the sacredness of the rite of burial, causing excessive hikes in funeral costs and accelerating the demise of traditional family-run funeral parlors nationwide.

The Los Angeles mortuary project has also prompted debate over the role of the church in its ministry to the deceased and bereaved. Those supporting the operation say no one will be forced to use the new facilities; they point to the convenience of all-in-one services at the cemetery sites; and they also argue that the move will help the archdiocese to counter large secular cemetery operations to which many Catholics have "defected" in recent years.

Further, supporters of the Stewart proposal say the plan is a response to recent directives from the National Catholic Cemetery Conference, based in Des Plaines, Ill. The conference is affiliated with the United States Catholic Conference in Washington.

Convenient services

According to a news release bearing the names and phone numbers of archdiocesan media relations director Fr. Gregory Coiro and Stewart vice chairman and CEO Joseph P. Henican III, the intent of the mortuary construction plan is to provide Catholic families with "the finest and

most convenient services and facilities at the time of their bereavement."

To accomplish this, Stewart and Catholic Cemeteries will work with nationally renowned mortuary architects J. Stuart Todd, Inc., on designs for the for-profit facilities that will reflect "California mission-style architecture." Comfort and aesthetic beauty, the news release states, "were the primary criteria considered for the final site selections" of the mortuaries that will serve Los Angeles' 3.6 million Catholics. Construction of the six buildings, each with "fountains and lush greenery," represents a multimillion dollar investment by Stewart shareholders, according to the news release.

Four of the six mortuaries will house chapels; all will include full-service flower shops, visitation and arrangement rooms, and most will include after-service reception areas, visitor lounges and family meditation rooms.

According to the archdiocese's media relations director Coiro, Stewart was selected for the Los Angeles project because of its high-quality services, its experience and its "own tradition of having dealt successfully with Catholics and with the church."

Stewart was founded in 1910 as a family business. In 1991, the firm owned 43 funeral homes and 29 cemeteries in six states in the United States, according to a company fact sheet.

Expansion has occurred quickly. As of November, Stewart owned and operated 401 funeral homes and 130 cemeteries serving more than 149,000 families throughout the United States, Puerto Rico, Mexico, Australia, New Zealand, Canada, Spain and Portugal. "Most of the properties we own were acquired as existing family business; they continue to operate under their original names and maintain the local traditions that were established under the previous owner," the fact sheet states.

One Los Angeles priest who requested anonymity is suspicious of the new development in the archdiocese. "I really think this is negative. We are getting into the business of death, and the church is not supposed to be about death," he said. "Obviously, we have to have places to rest our dead but now we are getting into the whole Forest Lawn concept of all-in-one, one-stop shopping for your beloved deceased."

But representatives from Catholic Cemeteries of Los Angeles said their lease agreement with Stewart will keep the archdiocese out of the mortuary business but enable it to continue its traditional role in cemetery services. The project, they said, represents a source of income for the church and an effective means to both serve families and make Catholic cemeteries competitive with other commercial, non-Catholic operations.

The Los Angeles plan, archdiocesan personnel say, responds to the directives outlined in the National Catholic Cemetery Conference's document "The Catholic Cemetery: A Vision for the Millennium" issued in August. The document acknowledges that neighborhood funeral homes have traditionally assisted families, but says that "these locally operated funeral homes are being purchased by publicly held international conglomerates."

In response and as means to emphasize church teachings and to promote the universal application of the Order of Christian Funerals, "the Catholic cemetery may consider operating its own funeral home's," the document states. The document says families should have "an opportunity to access the services of a priest, the funeral home and the cemetery at all location" and endorses the importance of "providing access to competitively priced funeral services with out the pressure to select items and services inappropriate or beyond the means of the family."

Nowhere does the document discuss lease arrangements with firms like Stewart. What it encourages, in addition to church-owned and operated funeral homes, is the use to a "parish-based funeral network" that would "allow the parish of today to be the funeral home of tomorrow" through the use of church space for wake and vigil services and the funeral Mass. It also suggests the use of "central embalming or preparation facilities" or affiliation with "one or more funeral homes willing to provide these services to the parish."

Stemming the loss

Sam Frias, pastoral relations director for Catholic Cemeteries in the archdiocese, spoke of both pastoral and financial concerns during a lengthy interview with NCR. He said the mortuary project, in part, responds to a trend of the past three decades that saw families of deceased Catholics choose non-Catholic enterprises that combine mortuary and cemetery services.

Bob McConneghy of Western Sequoia a firm hired by the archdiocese to do "pre-need" sales of cemetery plots and other funeral items, confirmed the loss: In 1965, he said, the archdiocesan cemeteries handled roughly 85 percent of all Catholic burials: by 1985, that figure had slumped to 35 percent. The concern Frias expressed over "losing" families to fancy secular operations, is both pastoral and financial.

Catholic Cemeteries, which Frias as is "the number one money generating department in the diocese," has begun to recoup the loss of business by building new mausoleums and boosting cemetery plot sales by using outside contractors. The deal with Stewart is expected to help the church recapture even more sales.

He said the Catholic on-site mortuaries would allow the church "to serve our families quicker in the hours of death."

Quick may not be the wisest evangelizing strategy, however, according to the Cemeteries Conference guidelines, which say that "funeral rites and prayers are powerful moments of evangelization for the alienated and the unchurched,, and they challenge secular tendencies to remove death from our life experience through quick disposition, without mourning or prayer."

But Frias and Msgr. Terrance L. Fleming, vicar general and moderator of the curia, both emphasized the "convenience" of the combination mortuary-cemetery services. When families are seeking such services, Frias said we can say 'Here they are.'

It is precisely that convenient link between the archdiocese and Stewart that has drawn fire from other church sources, consumer advocates and independent morticians. Roberts, 53, the funeral industry critic, spent his life in referral. But we will not be selling (mortuary services) to them. We'll say, There's a facility inside the cemetery location -- all Souls mortuary here in Long Beach,' "Tixier said.

Cemetery sales contractor McConneghy said Stewart and Western Sequoia, meanwhile, "both have the intent of working well together on this project." McConneghy said that sales will remain separate, but the possibility of teamwork exists. Asked if sharing of customer lists, for example, would occur between the two sales divisions, McConneghy said, "I am sure there will be."

McConneghy said he expects Stewart to aim for large volume with the Catholic cemetery mortuaries. "Now, there are , burials. If they can capture 35 percent of that in a short period of time, once they open their doors, in three to four years, it's a humongous operation. That would be one of the fastest start-ups in the history of the business," he said. Such a takeoff will not be easy, he said, "but the third-party influence of the church will be beneficial to them."

Stewart's competitor, SCI, headquartered in Houston, Texas, is staking its hope of expansion into the Catholic world on that kind of close cooperation. It has only one Catholic operation in North America, a funeral center, including a large chapel, built on land owned by the parish cemetery of the Basilica of Notre Dame in Montreal, Canada, the oldest Catholic church in North America.

In the United States, SCI recently has had "a dozen or so face-to-face contracts with cemetery management in different dioceses across the country," said Morrow. SCI formed its Christian Funeral Services subsidiary to reassure those concerned that conglomerates will give short shrift to the spiritual dimensions of death care. "We wanted this outside of our own infrastructure," he said. Morrow added that SCI will set up a separate advisory board made up of representatives from each diocese with which the firm has an agreement to assure that church concerns about pricing, care for the indigent and other matters are addressed.

Chairman of SCI's Christian Funeral Services' board is Matthew J. Lamb, described in an SCI

release as "an internationally known artist and a respected leader in the Chicago Catholic community." Lamb, a member of the Knights of Malta, is also chairman of Blake-Lamb Funeral Homes Inc., the largest family-managed funeral home group in the Mid-west and an SCI affiliate since 1987.

No publicity

NCR asked Coiro and Hughes Drumm at Stewart's corporate communications office to disclose details of the financial arrangements and anticipated benefits of the mortuary project -- for instance, the income the church expects to earn from the land leases or from percentages of sales.

"We haven't publicized the financial arrangements. I am not sure they are going to be publicized," Drumm said.

Coiro cited no specific reason for the lack of disclosure except that the finances are "basically an internal matter."

The archdiocese is apparently willing to make certain accommodations to ensure that Stewart's mortuaries are Catholic-friendly, even bending one of its own internal norms. Coiro said the Stewart establishments will be exempt from a rule denying priests permission to celebrate Mass at commercial mortuary chapels. "Because these chapels within these mortuaries are at Catholic sites, that rule will not apply to these mortuaries," Coiro said. "This will serve a need."

Manuel Baughes, 68, a Catholic mortician whose family has offered lowerpriced funeral services to Catholic families in the East Los Angeles area since 1928, was incensed by the arrangements with Stewart.

Baughes, whose establishment is located in a low-income, largely immigrant area, said he offers a full funeral for \$980 to \$1300. He claims that when chains come into an area, they commonly charge "\$1,500 just to walk in, plus the embalming, plus the chapel. Just to walk in the nothing added." He said he would be tempted to hike his rates with the growth of high-priced chains.

"Indirectly, this might help me. If a giant corporation buys a mortuary and charges \$1,600 just for services, I can charge \$1,500. I'm not going to stay at \$980 if all of a sudden Calvary is at \$1,600. I'll jack mine up. But who is going to be hurt? Parishioners are," he said.

"Why will priests be allowed to say Mass (at the Stewart mortuaries) but not at my place?" he asked angrily. "When you write your article," he told NCR, "put over it a different color dollar sign, because they are not thinking of the parishioners. They are just thinking of the dollar sign."

The director of another long established Catholic funeral home in the Los Angeles area, who asked not to be identified, said the archdiocesan-Stewart plan is "on my mind constantly. I feel hurt, let down, betrayed. Only a handful of independent operators are left," he said, establishments that have "been as supportive to the Catholic church as I."

At the Catholic Cemeteries office, both McAdams and Frias said they had no knowledge of conglomerates' charging higher prices. "If they are not competitively priced, well, people will not come to them," said McAdams. "People out here in Los Angeles are service-conscious and price-conscious. They are aware of what's being offered. I don't think they go at it blindly." But McAdams admitted he "couldn't tell you the price of a casket or services."

Such a lack of information is common among consumers of funeral services, say industry experts. According to Lisa Carlson, executive director of the Funeral and Memorial Societies of America, industry studies show that more than 80 percent of families do not shop around for funeral homes when in need of services. Roberts said that funeral industry profits are fed by this ignorance, which allows the large companies to defy the price logic of economies of scale. "Everything else that consolidates in the United States ends up in cheaper prices for the consumer. It brings forth the long-founded tenets of saving money through size," Roberts said.

He said with the Funeral industry "hard costs are down" when large companies take over an area, but prices remain high because consumers do not understand costs.

Stewart's Henican disputed the criticism.

"Generally, in the markets we serve, we do not offer our products and services at the highest prices. Our prices tend to fall in the middle of the range," he said. "Furthermore, we know that we must be competitive in each market served because we want to attract families to our funeral home. We believe families should shop prices in the market and choose a funeral home that offers the products and services they want at a price that they can afford."

`Funeral rule'

Complaints about prices and practices in the industry prompted the Federal Trade Commission to impose a "Funeral Rule" back in 1984 requiring mortuaries to provide detailed price lists of services. But consumers are still uninformed about rates, a condition that makes them especially vulnerable to price-gouging when death and grief are influencing their decisions. Add to this the twinning of conglomerates and religious institutions, and what you get, Roberts said, is another way to keep prices high.

With explicit or implicit endorsement of a chain by a religious institution, "people ... won't think

about price-shopping. It'll be 'Father Henry told me to go here,' and they'll go there," Roberts said.

Lance Yost, a Baptist minister for more than 23 years who runs the consumer-oriented funeral consultant firm Eulogy International, agreed. "Seeing Stewart funeral homes on Catholic cemeteries says to the average Catholic, 'This is OK. This is where I should go.' It may say to them, 'This is the best choice,' when in honesty it may not be the best price for the services," Yost said.

Frias of the archdiocesan Catholic Cemeteries office agrees with critics that "these conglomerates are eating all the little guys up. ... Some of the family-owned are my fiends and they are going to hurt," he said. Still, he believes that "the bottom line is we're going to serve the community better."

An East Los Angeles priest who requested anonymity described the prices and services of Baughes and Sons, mentioned above, and of other neighborhood funeral homes as "absolutely wonderful." But he said he is afraid they won't be able to compete with Stewart. Neighborhood funeral homes have "a commitment to the community. They've been here a long time," he said. His poor parish depends on donations like raffle tickets and calendars from mortuaries like Baughes, he said. The parish also benefits from stipends for funeral services performed at the church.

By allowing priests to offer Mass at Stewart mortuaries at Catholic cemeteries, he said, he would "be put in a position all of a sudden of competing ... against our own Catholic system ... and that's stupid. It gets messy. We're getting into something we don't like to talk about."

A second priest consulted, from a poor parish across town, said he has already "called my mortuaries and told them, 'Please not to worry. You've been a great member of the family, and if people want to go to the Catholic mortuary, fine, but I am not going to discourage them from coming to yours.'"

That parish, however, is not flanked by two of the mortuary-cemetery projects. The first parish mentioned is.

That the church would use the mortuary-cemetery project for profit did not bother the second priest. "The bottom line is that we are the archdiocese of Los Angeles corporate sole. Like everything else, you've got to find it somewhere," he said. "The profits go into the cemeteries, into the operation of the diocese. It doesn't go into the cardinal's pocket. It would be stupid if they felt they could take advantage of the situation and they did not."

Ventures like these are "part of the institutional side of the church's responsibility to try and keep

itself in the black and noble," he said, and you "cannot knock the church for trying to make a few bucks when it gives out so much to other needy organizations, including my own parish. ... It's just kinda smart."

The archdiocese's Frias said that Catholic Cemeteries would continue to provide discount and even free plots to poor families. When asked if he thought Stewart would do the same with mortuary services, Frias, who has worked closely with Los Angeles Cardinal Roger Mahony for years, implied that the church would wield some influence over Stewart's business practices.

"Once they're on the property, I have no qualms," he said. "All you need is for them to not serve a poor family one time, and every bishop in the diocese will be down on them. Knowing Cardinal Mahony, that will not happen. He'd come down on somebody so fast and say, 'Adjust this.'"

Ruth Harmer, a pioneer of the funeral society movement (see accompanying story) and author of the 1963 expose *The High Cost of Dying*, was more skeptical about the church-corporation relationship.

"Mahony is a very modern churchman. He knows where the stocks and bonds lie and where the clout is," Harmer said. "You can imagine how Stewart is chortling with this. The proximity of sanctity is going to make their cash registers ring."

This material is published under license from the publisher through the Gale Group, Farmington Hills, Michigan. All inquiries regarding rights should be directed to the Gale Group.

HighBeam™ Research, Inc. © Copyright 2006. All rights reserved.