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## The Abstinence Gluttons

by MICHAEL REYNOLDS

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Over the past six years George W. Bush's faith-based Administration and a conservative Republican Congress transformed the small-time abstinence-only business into a billion-dollar industry. These dangerously ineffective sexual health enterprises flourish not because they spread "family values" but because of generous helpings of the same pork-heavy gumbo Bush & Co. brought to war-blighted Iraq and Katrina-hammered New Orleans--a mix of back-scratching cronyism, hefty partisan campaign donations, high-dollar lobbyists, a revolving door for political appointees and a lack of concern for results.

One of the chief cooks is a media-shy 63-year-old Catholic multimillionaire, welfare privatizer and Republican donor named Raymond Ruddy. With close ties to the White House, federal health officials and Republican power brokers that date back to W.'s days as Texas governor, Ruddy has leveraged his generous wallet and insider muscle to push an ultraconservative social agenda, enrich a preferred network of abstinence-only and antiabortion groups, boost profits for his company and line the pockets of his cronies--all with taxpayer dollars.

Following the money swirling around Ruddy offers an eye-opening glimpse into the squalor at the heart of the abstinence-only project. One top Bush adviser left to take a job at Ruddy's charity, Gerard Health Foundation, and a senior officer at Ruddy's for-profit company, Maximus, left to take a top-level position at the Department of Health and Human Services. Leaders of Christian-right organizations that are Gerard grantees have gained advisory HHS positions--and their organizations have in turn received AIDS and abstinence grants to the tune of at least \$25 million. Maximus itself has raked in more than \$100 million in federal contracts during the Bush era.

As for Ruddy's abstinence-only policy, recent reports, including one contracted by Bush's HHS, show that after more than \$1 billion has been poured into the enterprise, it simply doesn't work. Already nine states have opted out from federal funds for this faith-based boondoggle in favor of more comprehensive and effective programs of sex education for their youth.

"I can't think of another federal program where so much money was spent without any oversight and to such little effect," said James Wagoner, president of Advocates for Youth, a national organization that promotes comprehensive sexual health policies. "It wasn't that policy-makers didn't know that abstinence-only didn't work. In 2000 the Institute of Medicine issued a scathing report on these programs. But they went full steam ahead despite the warning. It's beyond naïve. It's immoral."

Raymond Ruddy sits on the board of Maximus, a giant government services provider in Reston, Virginia, that pioneered welfare privatization. As one securities analyst observed, "Maximus was in this segment before there was a segment." In 1995 Maximus was a \$50 million-a-year enterprise. With passage of the Welfare Reform Act the following year, Maximus's earnings jumped to \$105 million. Three years later its revenues tripled. Today it's a \$700 million publicly traded global giant with more than 5,000 employees deployed across the nation and in Canada, Israel, Argentina and Egypt. It contracts with state governments to handle child-support collections, implement welfare-to-work and oversee managed care. For the Feds, Maximus handles collections on student loans and Medicaid appeals, manages the Social Security Ticket to Work program for the disabled and provides biometric "smart card" technology to the Secret Service, the Treasury, the IRS.

Ruddy joined Maximus in 1985 and went on to serve as its chairman of the board and as president of Maximus Consulting Group and its research division, the Center for Policy Studies and Surveys, which focuses on welfare and healthcare. Since 2001 he has also headed the Natick, Massachusetts-based Gerard Health Foundation, built on the \$115 million retirement package he got from Maximus on resigning as chair in 2001 (he returned as vice chair in 2004) and still entirely funded by his and his wife Marilyn's charitable trust. Few outside the Bay State have heard of Gerard or Ruddy, even organizations that monitor the religious right. As Gerard secretary John Malloy put it in a phone conversation in which he refused an interview with Ruddy, "Ray's the man, but we like to keep him under the radar."

"There are three areas we're about," Malloy said. "We're promoting pro-life causes, abstinence and HIV/AIDS prevention in Africa and we're now moving with that into China." In addition to lavishly funding an army of antiabortion and abstinence-only groups nationwide, Gerard also pumps hundreds of thousands of dollars into the Federalist Society, Americans for Tax Reform, Concerned Women for America, the Family Research Council and other conservative causes. Through Gerard, Ruddy contracted Chuck Donovan, vice president of FRC, to write an "investigative" attack on Planned Parenthood, published in *Crisis* magazine. Gerard also underwrote a propaganda video touting Uganda's discredited abstinence-only HIV prevention program.

Ruddy's ties to George W. Bush date back to the early days of Bush's first presidential campaign, when the Texas governor brought on Ruddy's colleague Stephen Goldsmith as chief domestic policy adviser on his campaign. Goldsmith, as Mayor of Indianapolis, had been an aggressive pioneer of faith-based and corporate outsourcing of social services, including abstinence-only education. During Goldsmith's failed bid for governor in 1996, he stumped Indiana with the slogan "I've been CEO of Indianapolis. I want to privatize all of Indiana." And he brought this approach into Bush's campaign.

"My Administration will elevate abstinence education from an afterthought to an urgent goal," Bush told a crowd in New Hampshire in November 1999. In a speech in Indianapolis, Bush promised, "In every instance where my Administration sees a responsibility to help people, we will look first to faith-based organizations, charities and community groups."

It just so happened that while Bush was pitching Goldsmith's dubious policies in New Hampshire and Indiana, Goldsmith was joining Ruddy on the board of directors of Maximus.

"Nineteen ninety-nine," recalls longtime Democratic Texas House member Garnet Coleman. "That was the year Maximus started handling enrollment for Medicaid and CHIP [Children's Health Insurance Program] here. At the same time as Bush was pushing all this corporate privatization, he started his faith-based initiative, moving state money into these churches and evangelical groups to handle drug treatment and children's homes. It was a disaster." Even then, Coleman adds, "it was clear to me the goal was--and is--to cut back social services and cut it to their friends to make a shitload of money."

When Bush slid into the presidency, Goldsmith, himself a Bush donor on the "Pioneer" level, left the Maximus board to assist Bush's transition team, where he was put in charge of setting up the Office of Faith-Based and Community Initiatives. Bush tapped Tommy Thompson, who as governor of Wisconsin had hired Maximus to run one of his state's welfare privatization programs, to serve as HHS secretary. More important for Ruddy's antiabortion, abstinence-only agenda were the strategic HHS appointments of Claude Allen as deputy secretary and Wade Horn as assistant secretary for the Administration for Children and Families (ACF). Horn, as head of the National Fatherhood Initiative, had worked with Maximus; Allen, after rising to White House domestic policy adviser and then resigning, charged with theft, joined the Gerard staff.

Ruddy's ties at HHS were further strengthened when Horn brought in another National Fatherhood Initiative staffer, Jeffrey Trimboth, to head ACF's abstinence-only education program--and when one of Ruddy's project directors at Maximus, Grant Collins, was hired at HHS to oversee welfare contracts. These ties would prove lucrative in the coming years, not only in padding Maximus's bottom line but also in pushing Ruddy's right-wing religious agenda.

Ruddy's new coziness with HHS was on display in February 2006 at a conference of abstinence-only federal grantees in Arlington, Virginia, hosted by Trimboth. Horn delivered the keynote; Collins and his old boss at Maximus, Ruddy, led workshops. But these ties had been paying off for years. When Bush took office, Maximus had just over \$13 million in federal contracts. Within a year the amount tripled. By 2006 Maximus was doing \$61 million in business with the Bush Administration.

Over the past five years Ruddy has also spent nearly \$1 million to make sure the Bush Administration and the Republican Congress were primed to fund his select network of "family values" projects. In 2002 Ruddy called on former Republican National Committee chair Haley Barbour at the offices of his lobbying powerhouse, Barbour Griffith & Rogers, tasking his team to seek "increased funding for abstinence-only education programs." Over the next four years Ruddy personally paid BG&R \$720,000 to lobby HHS, the President and Congress. A year into BG&R's lucrative contract, the firm recruited Tommy Thompson's chief of staff, Robert Wood, to join the team on the Ruddy account. According to filings with Congress, Wood then worked his former colleagues on "federal welfare reform legislation," "federal funding for specific projects" (likely abstinence education programs) and "issues involving [the] President's global AIDS initiative." BG&R added Maximus to its client roster in 2005.

Ruddy also hired the Stanton Park Group, a lobbying outfit run by James "J.D." Derderian--a member, with Goldsmith, of the Bush transition team. Derderian was connected with Wade Horn, too, as they had served together on the board of directors of the Institute for Youth Development, one of several abstinence-only groups on Gerard's grantee list. Together, milking their inside connections, BG&R and Derderian saw to it that millions of federal dollars went to Ruddy's network of abstinence-only outfits and antiabortion crisis pregnancy centers.

As always, Ruddy returned the favor, putting his connections and financial muscle behind a Republican Party that was increasingly aligned with his ideological interests. In 2004 Ruddy began to mobilize his network of grantees for the coming elections, doing his part to implement Karl Rove's strategy of picking up 4 million evangelicals who had not gone to the polls in 2000. To achieve this, the Bush campaign created its own grassroots network among evangelical churches and religious-right nonprofits. Ruddy hired the Family Research Council's Donovan to put word out through antiabortion newsletters, promising Gerard grants to conservative charities that would develop ambitious voter registration drives.

That year Ruddy also shoveled nearly \$400,000 into James Dobson's Focus on the Family, which was then mounting anti-gay marriage campaigns in service of Republican candidates through its 501(c)4 arm. Ruddy put \$172,000 into Redeem the Vote, a voter registration operation out of Montgomery, Alabama, targeting evangelical youth, and \$117,916 into Life, Liberty and Family, an old antiabortion nonprofit. The latter donation went into a hardball anti-Kerry campaign, Your Catholic Voice, which attacked the Massachusetts Democrat for his prochoice politics in newspaper ads that ran across the country. He also maxed out his personal contribution to the Bush/Cheney ticket (\$4,000) and spread more than \$12,000 to the campaigns of select religious-right Republicans running for Congress, including Tom Coburn in Oklahoma and Billy Tauzin in Louisiana. For the 2006 midterms, Ruddy put hundreds of thousands into Common Sense Ohio, a Republican 527 that ran deceptive ads and conducted push-polling in seven states.

With all this campaign largesse, Raymond Ruddy's sights were never set just on channeling government contracts to Maximus. He was also pulling strings to advance his ideological agenda--and the small circle of Christian-right groups he most trusted to deliver on it. The Virginia-based Institute for Youth Development and the Medical Institute for Sexual Health (MISH) in Texas have long been among his favorites: Between 2002 and 2005, Gerard put \$716,148 into the Institute for Youth Development (IYD) and more than \$1 million into MISH. The two organizations, not coincidentally, are also among the most well-connected Christian-right outfits within HHS.

MISH was founded in 1992 by Joe McIlhaney, a medical doctor and religiously motivated abstinence advocate who served as Bush's health adviser when he was governor of Texas. During that time McIlhaney toured the state on the Texas taxpayers' dime with a slide show featuring bogus data and gross-out images of sexually transmitted infections as "proof" that condoms were ineffective in preventing pregnancy and sexually transmitted disease. In 2002 Bush appointed McIlhaney to his Presidential Advisory Council on HIV/AIDS and then as an adviser to the Centers for Disease Control and Prevention.

The IYD, which provides training to abstinence-only groups, crisis pregnancy centers, "healthy marriage" programs and other Bible-based ministries in how to snare government grants, is even more connected than McIlhaney. Wade Horn served on IYD's board of directors until he became ACF head in 2001 and remains on the editorial board of the organization's journal, *Adolescent and Family Health*. Alma Golden was editor in chief of the publication before being named deputy assistant HHS secretary for population affairs in 2002. Patricia Ware, once educational policy director at the organization, was tapped by Bush as executive director of his AIDS advisory council--on which IYD's vice president, Anita Smith, just happened to sit. (Smith later became the council's co-chair.) To put icing on the cake, IYD's chief subcontractor, Performance Results Inc., in Gaithersburg, Maryland, is run by Claudia Horn, Wade's wife.

Another Ruddy favorite is A Woman's Concern, into which Gerard poured another \$1 million, accounting for a quarter of all donations to the Boston-area network of crisis pregnancy centers. Last fall, Bush named A Woman's Concern medical director Eric Keroack to replace Alma Golden at HHS, where the anti-contraception OB/GYN would oversee \$283 million in annual grants to reproductive health and adolescent pregnancy programs. (Five months after his appointment, Keroack resigned, facing a Medicaid investigation.)

Over the past four years, Ruddy has dropped more than \$700,000 into Heritage Community Services, a South Carolina network of crisis pregnancy centers that provide abstinence-only programs, making him the group's largest private donor.

With Barbour's and Derderian's firms greasing the wheels, Ruddy turned the federal government into a veritable matching fund for his grantees. For example, since Gerard was founded, in 2001, A Woman's Concern has received \$1.5 million in federal grants for its abstinence-only program. Between 2002 and 2005, \$9 million in federal grants went to Heritage Community Services. During this same period, MISH landed \$1.5 million in federal grants and contracts. But of all Ruddy's favored abstinence-only groups, the IYD appears to have been the biggest federal beneficiary. In 2000 IYD had revenues of \$270,000, \$80,000 of that in government grants. Three years later IYD pulled in \$4.1 million, nearly all--\$3.8 million--coming in federal grants. Since Bush took office, IYD has received at least \$11 million through HHS alone. Its partner organization, the Children's AIDS Fund, run by Anita Smith, has received at least \$4 million from Bush's global AIDS initiative for faith-based abstinence programs in Uganda and Malawi--with more millions set to follow. In 2004 an expert panel for USAID rejected the Children's AIDS Fund grant application as "not suitable for funding," but the committee was swiftly overruled by USAID head Andrew Natsios, who ordered the grant be made to the Bush-connected Smith.

In many cases this federal money seemed to flow not just to conservative organizations but to line the pockets of social conservatives themselves. Claudia Horn, through her firm Performance Results Inc., collects \$1,551 per day for training groups in program and curriculum evaluation. According to its federal filing, PRI's 2005 sales to state and local governments were \$1.1 million, with an additional \$250,000 coming from the Feds, including such clients as the Department of Justice, the Office of Personnel Management, and Housing and Urban Development. But Claudia Horn's indirect public receipts are likely even higher, as her-private sector clients include IYD and the National Fatherhood Initiative (once headed by her husband, Wade), each of which is heavily funded through federal grants.

Anne and Gordon Badgley, who received \$9 million in federal grants for their nonprofit, Heritage Community Services, also set up Badgley Enterprises to market and sell their abstinence-only curriculum, Heritage Keepers. While Heritage's IRS 990s are sketchy and marked by vague expenses, even a student loan repayment, they clearly show that the Badgleys pocketed \$174,201 from the taxpayer-funded nonprofit by buying the curriculum from their own private company.

Then there is Rosenberg Communications, headed by Wade Horn's longtime friend and co-author Jeffrey Rosenberg, who served as communications director at Horn's National Fatherhood Initiative. When Horn took his HHS job in 2001, Rosenberg launched his PR firm, which has since netted \$8.8 million in contracts from HHS--contracts that account for the bulk of the two-man company's income. Rosenberg's client list is rounded out by some familiar names--most of them recipients of federal money: IYD, MISH, the Children's AIDS Fund, Gerard, Focus on the Family and Pal-Tech, which joined IYD to run HHS's multimillion-dollar capacity-building program for faith-based groups.

The IYD and the Children's AIDS Fund, though themselves nonprofits, have not been bad business for Shepherd and Anita Smith. Shepherd and Anita draw salaries and expenses from both groups: Shepherd as president of IYD and vice president of the Children's AIDS Fund; Anita, neatly, as president of the Fund and vice president of IYD. In 2003 their combined salaries were more than \$200,000. To supplement that meager pay, each year since 2003 the Children's AIDS Fund has made substantial loans to the couple. The two groups also just happen to lease their shared offices in Sterling, Virginia, from an entity owned by the Smiths. According to IRS filings, the two nonprofits listed combined occupancy expenses of \$66,000 for 1999. Two years later, the expenses jumped to \$185,000, and by 2003 the two groups were paying a combined \$203,000. Nonprofit experts contacted for this story said the huge jump in occupancy expenses combined with the fact that the two groups were paying a company owned by the Smiths raises a red flag.

The two organizations have long played a role in pushing socially conservative approaches to AIDS--mandatory HIV testing, opposition to condoms and needle exchange and an abstinence-only approach to HIV prevention--and questioning condom efficacy through the creative manipulation of data. IYD has also insinuated itself into some of the

country's most conservative Statehouses. In 1998 Virginia Governor Jim Gilmore and Claude Allen, then his secretary of health, threw their state's entire \$1.5 million sex-ed budget into IYD's abstinence-only school program along with a statewide television and radio campaign crafted by the group. An even more lucrative future was rising for the group in Texas, where IYD sold its Right Choices for Youth initiative to the state as part of then-Governor Bush's aggressive faith-based policy there. In March 1999, Bush gave the welcoming speech at an IYD conference in Dallas--a harbinger of the close relationship to come.

With Democrats now controlling Congress, this faith-based feeding trough may soon run dry. At press time, Democrats are poised to cut off one \$50 million abstinence-only funding stream, through Title V, which requires renewal by June 30. Henry Waxman, the California Democrat who chairs the House government reform committee, is considering hearings on Bush's abstinence programs--hearings that could expose the conservative pork barrel they've become. Since February--perhaps to avoid those Waxman subpoenas--three ACF directors have resigned. First to leave was Jeffrey Trimboth, who jumped to a fundraising post with the Heritage Foundation. A month later Keroack vacated his post. Then on April 2 Wade Horn announced his resignation. But the revolving door of influence-peddling is still turning. Horn hired on with Deloitte Consulting, where according to a Deloitte statement he "will be a key advisor to health and human services clients of Deloitte Consulting's state government practice." Horn's former boss at HHS, Tommy Thompson, already heads Deloitte's Center for Health Solutions.

As investigations unfold over the summer and fall, the Institute for Youth Development will continue to serve as a conduit for HHS's Compassion Capital Fund, through which IYD disperses grants to a select group of well-connected evangelical abstinence-only and crisis pregnancy centers. The money IYD disperses can be used for just about anything these organizations might need--from computers, software and office equipment to administrative training. While federal guidelines prohibit the use of these funds for "religious activities"--worship or proselytizing--it's clear that the infrastructure for these evangelical outfits is being subsidized by taxpayers. Even if the funds are not immediately applied to religious purposes now, they will remain to serve those purposes down the road.

Without oversight and defunding from Congress, the money will continue to flow for the next five years into Raymond Ruddy's extended family of antiabortion, anti-condom, anti-gay, abstinence-only Protestant evangelicals and Catholics--a radical consortium that threatens the health of millions.