

Leavitt's 'Teflon' image is under fire

Actions scrutinized: However, long-term political damage is seen as unlikely

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WASHINGTON - In his 24-year political career, Mike Leavitt has seen political embarrassment, goof-ups and scandal, but never have his actions been so directly called into question as they have been in recent weeks, over his use of a government jet and his family's involvement in a questionable tax shelter.

It remains to be seen whether Leavitt, the secretary of Health and Human Services in President Bush's Cabinet, emerges unscathed from the latest dust-up, as he repeatedly did when he was governor of Utah, earning the nickname "the Teflon governor."

"It, at the very least, is awkward and embarrassing and a bad time for such questions to be raised about a prominent member of the Bush administration, given the president's political collapse," said Thomas Mann, a senior fellow at the Brookings Institution.

Whether it does any long-term damage depends on whether more information comes out or if there are investigations that drag through the fall.

Last month, the *Atlanta Journal-Constitution* found that Leavitt had taken numerous trips on a plane chartered by the Centers for Disease Control and Prevention for use in case of an emergency. Democrats in Congress have demanded additional information on the 19 trips the secretary took to 99 cities.

Last week, the *Washington Post* reported that Leavitt's family had established a questionable charitable foundation that reaped millions of dollars in tax deductions but until recently provided

little benefit to charity. A portion of the money the Leavitt foundation did pay out was actually in the form of a loan to family business and real estate holdings.

"He's not Jack Abramoff. . . . But it's a series of choices that, from a public policy perspective, one would have hoped that the HHS secretary would have made differently," Rick Cohen, executive director of the National Committee for Responsive Philanthropy, said of the family's tax shelter.

Leavitt spokeswoman Christina Pearson said the stories haven't affected the secretary's work and the Leavitt remains "focused on the aggressive agenda before him," mainly preparations on the avian flu and the redesign of the Louisiana health care system.

"We have a lot of work to get done and he has very specific goals on things he wants to accomplish," Pearson said.

And he continues to have the backing of the White House. Bush's deputy press secretary, Dana Perino, said the "president has a tremendous amount of confidence in Secretary Leavitt," and noted his work to implement a massive change in Medicare law and leading efforts to prepare for a pandemic flu.

Leavitt's handling of the rollout of the Medicare prescription drug plan may have had a "little rocky start," she said, but in the end "98.9 percent are enjoying the savings and are having good customer service."

"Secretary Leavitt is spot-on doing a great job for the president," Perino said.

The tax shelter the family set up - known as a Type III Supporting Organization - has been called one of the "Dirty Dozen" tax scams by the Internal Revenue Service.

Pearson said that the Leavitt family has given \$1.8 million to charity over the past 18 months,

although the foundation gave just over \$200,000 to charity in its first four years.

Pearson also said the foundation's activities were thoroughly vetted by the Senate Finance Committee before Leavitt was confirmed as HHS Secretary.

But that is somewhat misleading, according to a committee aide, who said

concerns were expressed about the small amount of money being paid out by the Leavitt foundation, but the committee knew nothing of the loans to the Leavitt family.

Said Cohen, "What concerns me about this, is he's the Health and Human Services secretary, and there's no department in the executive branch that works more closely with nonprofits than HHS."

"Nonprofits are virtually the delivery system for what HHS provides in human services and family services and so forth. For him to choose a charitable instrument that allows him to minimize his payout, allows him to lend the money to his own business interests . . . and gives to organizations that are Leavitt-connected, it sends a bad signal on his part," he said.

There is a move in Congress, led by Finance Committee Chairman Charles Grassley, R-Iowa, to crack down on the supporting organizations like the Leavitts' foundation.

Grassley is pushing to include language in a pension bill that would require the foundations to give 5 percent of their assets to charity each year. It is unclear if the tax provisions will make it into the bill, but it could be settled by the end of the week.

Grassley and his Democratic counterpart on the committee, Sen. Max Baucus, D-Mont., also wrote to President Bush, urging him to direct the IRS to rewrite rules governing supporting organizations to prevent abuse.

Leavitt earned the nickname, the "Teflon governor," when he was Utah's chief from 1992 to 2003, mainly because occasional scandals never seemed to stick to Leavitt, according to veteran Utah pollster Dan Jones.

"He really didn't have any major scandals in those three terms," Jones said.

Most notably, Leavitt emerged completely unscathed from the Olympic bribery scandal that threatened the 2002 Winter Games, even though he was on the board of the bid committee at the time.

He also got past another controversy when he essentially defended polygamy during a news conference.

The one issue that Leavitt had the most difficulty shaking was his family's role in the spread of whirling disease in Utah streams and ponds.

The disease, which causes fish to swim in circles, was discovered in Leavitt's family's trout hatchery just before he became governor, and shortly after he took office, the disease spread across the state. Critics say Leavitt used his position to clear regulations that would have kept the disease at the family operation.

Even if Leavitt's missteps are more damaging, it is unlikely that they will have national political implications, Mann said.

"This election is driven, first and foremost, by Iraq, and then by various aspects of the economy and changing perceptions of the president after Social Security reform efforts and Katrina," Mann said. "This is a very small matter."

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