HEARING
BEFORE THE
COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
UNITED STATES SENATE
NINETY-SECOND CONGRESS
FIRST SESSION
ON
THE NOMINATION OF RICHARD S. BODMAN FOR ASSISTANT SECRETARY OF THE INTERIOR FOR MANAGEMENT AND BUDGET

JULY 12, 1971

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The committee met, pursuant to call, at 10 a.m., in room 3110, New Senate Office Building, Senator Frank E. Moss presiding.

Present: Senators Frank E. Moss (Utah); Clinton P. Anderson (New Mexico); Gaylord Nelson (Wisconsin); Mike Gravel (Alaska); Gordon Allott (Colorado); Len B. Jordan (Idaho); Paul J. Fannin (Arizona) and Henry Bellmon (Oklahoma).

Also present: Jerry T. Verkler, staff director.

Senator Moss. The committee will come to order.

This is an open public hearing by the Senate Committee on Interior and Insular Affairs on the nomination by President Nixon of Richard S. Bodman, of San Francisco, for the new position of Assistant Secretary of the Interior whose duties, among others, will include those of the present Assistant Secretary for Administration.

Mr. Bodman has been serving as Assistant Secretary for Administration on the nomination by President Nix of Richard S. Bodman, of San Francisco, for the new position of Assistant Secretary of the Interior whose duties, among others, will include those of the present Assistant Secretary for Administration.

Mr. Bodman has been serving as Assistant Secretary for Administration, having been appointed to this post by Secretary Morton on April 1, 1971.

Mr. Bodman's past experience will serve him well in his new post, for his background includes managing a wide variety of business and government administration projects, especially with large financial institutions.

Without objection, I shall direct that the biography of Mr. Bodman be included in the hearing record at this point.

(The biography referred to follows:)

Biography of Richard S. Bodman

Richard S. Bodman, 33, of San Francisco was appointed Assistant Secretary for Administration by Interior Secretary Rogers C. B. Morton, with the consent of the President, April 1, 1971. Mr. Bodman has been nominated by the President for the position of Assistant Secretary of the Interior whose duties will include, among others, those of the present Assistant Secretary for Administration.

A certified public accountant, he was formerly a partner in Touche, Ross and Company, one of the largest international accounting and consulting firms. He has been directing the firm's consulting practice in San Francisco and Hawaii for the past six years. Additionally, he served as chairman of the firm's committee for all services to banks, chairman of the management services long range planning committee, and was a member of the management services executive committee governing the firm's nationwide management services practices.
A native of Detroit, Michigan, but a resident of San Francisco for the last 10 years, Mr. Bodman is past Chairman of the San Francisco chapter of the management services committee of the California Society of Certified Public Accountants; past president of the Planning Executives Institute's San Francisco chapter; and was a member of the national panel of arbitrators, American Arbitration Association. His background includes managing a wide variety of business and government administration projects, especially with large financial institutions.

He holds a BS degree in engineering from Princeton University and an MS degree in industrial management from M.I.T.

He is married to the former Helene Dunn and they have two sons, Taylor, 9, and James, 8.

Senator Moss. We are pleased to have Mr. Bodman here before us today and to have witnesses appearing in his behalf.

First, we are pleased to have our colleague, the Senator from Illinois, Mr. Percy, appear as the first witness and we will ask you if you would like to proceed.

STATEMENT OF HON. CHARLES H. PERCY, A U.S. SENATOR FROM THE STATE OF ILLINOIS

Senator Percy, Mr. Chairman, it probably is unusual to have a senator from Illinois introducing a native of Michigan who has lived for 10 years in California, but I served on the board in Detroit of the Burroughs Corp. for a dozen years with Mr. Bodman's father, which dates me, and I have known his family for many years and I was privileged to meet him when he came to Washington and to watch with a great deal of interest and considerable pride in his progress.

Senator Griffin could not be here this morning but certainly wanted to send his very best wishes and his firm support to this appointment.

As you have indicated, Mr. Bodman has been nominated by the President for the new position of Assistant Secretary of the Interior and has been serving as Assistant Secretary for Administration of the Department of Interior since April 1, 1971.

His newly elevated position will include his present duties, as well as others which he is best qualified to describe to you. A certified public accountant, he was formerly a partner in Touche, Ross & Co., one of the largest international accounting and consulting firms.

He has been directing the firm's consulting practice in San Francisco and Hawaii for the past 6 years. Additionally, he served as chairman of the firm's committee for all services to banks, chairman of the management services long range planning committee, and was a member of the management services executive committee governing the firm's nationwide management services practices.

Mr. Bodman is a native of Detroit, Mich., but a resident of San Francisco for the last 10 years before coming to Washington. Mr. Bodman is past chairman of the San Francisco chapter of the management services committee of the California Society of Certified Public Accountants; past president of the Planning Executives Institute's San Francisco chapter, and was a member of the national panel of arbitrators, American Arbitration Association.

His background includes managing a wide variety of business and government administration projects, especially with large financial institutions.
Most importantly, he is married to the former Helene Dunn, who is with us today, and they have two sons, Taylor, 9, and James, 8. They live in the District of Columbia in Georgetown.

He holds a bachelor's degree in engineering from Princeton University and an M.S. degree in industrial management from M.I.T.

Those of us who work closely with the Government, and I might say I am privileged to work closely with the Interior Department as ranking Republican now on the Appropriations Interior Subcommittee, certainly now we need men of his quality and background and experience in Government, and I want to commend our Secretary of the Interior, who is also here this morning, for giving Mr. Bodman, with his fine industrial and accounting background and experience, such a broad and extended base of experience now in the Interior Department.

Thank you, Mr. Chairman.

Senator Moss. Thank you very much Senator Percy. I think you have made a fine endorsement of Mr. Bodman and you have pointed out the experience he has had which would qualify him for the position he has been nominated for as well as the position he now holds.

In fact, he has been serving in the Department and is already on board and doing a good job, which certainly is a high recommendation for him as well.

Do any of my colleagues have any questions to ask?

Senator Anderson?

Senator Anderson. I have no questions.

Senator Moss. Senator Allott?

Senator Allott. I have none.

Senator Moss. All right, Senator Percy, thank you very much.

Our next witness will be the Secretary of the Interior, Mr. Morton, who is here to tell us about the man with whom he is already working in the Department. We will be glad to hear from you, Mr. Secretary.

STATEMENT OF HON. ROGERS C. B. MORTON, SECRETARY OF THE INTERIOR

Mr. Morton. Thank you, Mr. Chairman and gentlemen of the committee. It is very difficult for me not to, having appeared before this committee several times and having been interrogated by one of the distinguished members of the committee who is unfortunately not here today, talk about $185,000 of planning money for Pyramid Lake, I would like to indicate on the record that the money was released July 1, 1971.

Senator Moss. The record will so show.

Mr. Morton. Mr. Chairman, it is with a great deal of personal pleasure that I support the nomination by President Nixon of Dick Bodman to the new executive level IV position of Assistant Secretary of the Interior for Management and Budget.

As you know, the position, created by Public Law 92–22 will supplant the current post of Assistant Secretary for Administration.

The elevation of the post represents a significant advance toward our objective of reducing duplication of efforts among the many bureaus and offices of the Department of the Interior by giving the incumbent the necessary authority to coordinate activities.
To achieve this end, the newly constituted position must be in the hands of a person with expertise in management and one who has a good and quick grasp of the importance of many of the Interior's endeavors to the well-being of the Nation.

In the 4 months that Dick Bodman has been with the Department, in the career-level position of Assistant Secretary for Administration, I have come to rely heavily on his judgment and his talent for getting things done efficiently and effectively.

In addition, his educational background and other working experience are, to my mind, assets to the position for which he has now been nominated. He has a Bachelor of Science degree in engineering from Princeton and a Master of Science degree in industrial management from the Massachusetts Institute of Technology.

Youthful though he is, 33, he had been a partner for 4 years with Touche, Ross & Co., one of the world's largest international accounting and management consulting firms.

Dick Bodman has already proven to me his ability to translate his knowledge of the management of successful industrial operations into a constructive approach to administration and budgeting of Federal Government programs. He recognizes the differences and he also recognizes some of the problems in common.

I will be glad, Mr. Chairman, to answer any questions. I would like to, in addition to those prepared remarks, just say that I feel very strongly that today, with the problems facing the executive in its many operations, we need desperately to bring on board the kind of men that Dick Bodman represents.

He has been exceedingly objective. He has been eager to learn. He has not come into the Department trying to change the entire thrust of a bureaucracy that has been established since 1849, but he has been very open minded.

He has not been digested or swallowed up by either and I think it is a great thing for us to see young men who are very successful in business, being well liked, to take a year or 2 years, hopefully more years, out of their professional life and go into Government.

I think this is something that the Government needs and I also think it is something that industry needs and so with that, Mr. Chairman, I conclude my remarks and will answer any questions that you have.

Senator Moss. Thank you very much, Mr. Secretary.

How will the new position, for which Mr. Bodman is nominated, differ from the one he has been holding as Secretary for Administration?

Mr. Morton. I think what we really do is bring him into a policy position. He will be equal in rank and in level with other Assistant Secretaries who have administration responsibility and who have a policy responsibility in advising the Secretary on administration and personnel development.

I feel he is very important in the development of policy. So, instead of being sort of a secretariat, he becomes part of the secretariat and his wisdom then, I think, is permeated throughout the secretariat in a way that is far more effective.

I believe we are all better off for having this job in a level IV category as opposed to a level V category and the trade-offs that have to
be made and the budget decisions that have to be made before they get to the Secretary, I think, will be made in a much more objective departmentwide fashion and much more in keeping with the desire of Congress with this job at a level IV than at a level V.

I think in that particular is where we think it will be more effective.

Senator Moss. Is the title of "Management and Budget" roughly similar to the Office of Management and Budget which is the first function for the whole Government?

Mr. Morton. I think that question should also be asked of Mr. Bodman because he has been in the job, but it is in fact, a job of management and budget. He is the senior budget officer of the Department and also he is responsible for the management and financial control systems and data-processing systems, personnel development programs for the Department.

So, in effect, that is what it is.

I think to draw a parallel between this job and the Office of Management and Budget of the executive branch might be a little risky because I think their responsibilities are of a broader nature, but if we are going to go toward a "DNR" concept, and hopefully we are, then I think there will be more of a parallel between the Office of Management and Budget in a big department like the "DNR" and the Office of Management and Budget of the executive branch.

Senator Moss. Thank you very much, Mr. Secretary.

Senator Anderson?

Senator Anderson. Have you checked his finance statements?

Mr. Morton. Yes, and also they have been submitted to the committee.

Senator Anderson. Are you satisfied with them?

Mr. Morton. Yes.

Senator Moss. Senator Allott?

Senator Allott. I have nothing to say. You are a very young man, Mr. Bodman, to be occupying such a very important position. The Department of the Interior, I think, is one of the most complicated and difficult Departments in this Government when you consider the diversity of the functions which Congress from time to time has assigned to it.

I would like to ask you this question, Mr. Secretary. The question of the chairman touched on it, but it didn’t reach the real thing and you know that those of us who are interested in the development of our country have, at numerous times, have had numerous troubles over the years with the Budget Department. I would like to ask this question as to just exactly what function he would have in the Department with respect to the ultimate budget recommendations that are made in the field of reclamation, for example?

Mr. Morton. Well, I think he will have a great deal to do with it when it comes through the Department, through the Bureau. Hopefully, by having one senior officer in the Department responsible for budget development and following the budget process all the way through, as the Secretary’s right arm in this area, we are going to be able to do a better job over in the Office of Management and Budget in getting our budgets approved and subsequently our funds released.

I don’t think there is any doubt about it; the more professional we do our job in developing the budget, the better we will be off.
But as far as priorities are concerned, those priorities, for example, between the Bureau of Reclamation versus the Bureau of Land Management, I can assure you that the Secretary will have a great deal to say about that and so will the Congress and so we will be following the mandate of authorization in creating our budget proposals.

So if there is any fear that we are going to set up some sort of arbitrary control that would defer minimum priorities at a subsecretary level, I would like to lay that fear to rest. That will not be.

Senator Allott. Thank you very much. I know you thought very strongly you needed strength in this area, which you have not had in the past and your answer goes to the same general tenor. Thank you, Mr. Chairman.

Senator Moss. Mr. Burdick, any questions?

Senator Burdick. I am sorry I was not here to hear your statement, but I will read it.

Senator Moss. Senator Jordan?

Senator Jordan. No questions.

Senator Moss. Senator Fannin?

Senator Fannin. No questions, thank you.

Senator Moss. Thank you very much, Secretary Morton. We appreciate your coming to testify on behalf of Mr. Bodman.

Senator Moss. Now we will hear from the nominee, Mr. Bodman, Secretary Bodman already serving as Assistant Secretary for Administration and having been nominated now for the position of Assistant Secretary of Management and Budget.

You have been before us other times, but we are glad to welcome you here again before the committee today. We have your biography, which has been made a part of the record.

When you were appointed before, did you submit your financial statement at that time?

Mr. Bodman. Yes, sir; I did.

Senator Moss. Has there been any significant change since then?

Mr. Bodman. Not that I know of. There was one security sold and one bought. I have the records with me and can submit them afterwards. It was a small transaction.

Senator Moss. We will do that, of course, in executive session in examining that.

Now, we would like to hear from you, Mr. Bodman, and tell us what you are doing now and what you hope to do in the new job.

STATEMENT OF RICHARD STOCKWELL BODMAN, ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF THE INTERIOR

Mr. Bodman. Mr. Chairman and esteemed members of the committee, if I may, before I start I would like to express my special appreciation to Senator Percy and Secretary Morton who have supported me with such wonderful comments I hope I can live up to and also to my wife, who is with us here, Helene, who has supported me through the years in most of my efforts.

It is indeed the greatest honor of my career to appear before you in regard to my nomination by the President as an Assistant Secretary of the Interior. I sincerely hope that this is but my first opportunity to work with you collectively and individually.
As you know, the incorporation of the functions of the present Assistant Secretary for Administration into a new Assistant Secretary position subject to presidential appointment with the advice and consent of the Senate is unprecedented in the Department of the Interior, although not in other agencies.

I would therefore respectfully submit to you a few of my thoughts regarding this new position and some of the objectives I will have should the Senate confirm my nomination.

The principal functions of the new position will be personnel management, budget development and review, and the improvement of the organization and management practices of the Department. While these matters have received faithful attention in the past, the elevation of the position will facilitate stronger secretarial involvement in these vital areas.

My objectives are all based upon Secretary Morton’s belief in strong centralized leadership as a means of providing for a high level of accountability to the President, Congress and the people.

Specifically, I would initiate a program to further long-term excellence in management of the Department’s affairs by placing highly qualified and motivated people into responsible positions.

In this regard, I would strive to develop improved methods for identifying talented people early in their careers and developing their management expertise through training and attention.

Second, I would institute improved budgetary policies and reporting procedures to assure that the Secretary has direct impact on the priority of expenditures and that he is well informed concerning performance against budget and plans in the program areas.

Third, I would attempt to standardize and make more effective our activities in data processing, management research, auditing, and procurement.

During my brief tenure as Assistant Secretary for Administration, I have had only enough time to appreciate the enormity of the task of administration in Government in general. Consequently, I have stated my objectives with the best of intentions and with the utmost respect for others who have previously pursued similar goals.

Gentlemen, I view this appointment as a great challenge and a great opportunity to serve my country. My professional career, as outlined in the biographical material I have previously submitted to you, has been directed toward helping organizations improve their administrative practices.

I look forward to the opportunity to employ this experience in Government service. I would like to add specifically that meeting this challenge is easier because of the exceptional leadership qualities of Secretary Rogers Morton.

It is clear to me that he has faith in the people of his Department and that he is deeply committed to the long-term welfare of the Department and the country. In this regard he has offered the full weight of his office in support of my efforts.

Again, I appreciate having the opportunity to appear before you today to submit this statement and I am prepared to answer any questions you may have regarding my qualifications and fitness for the position.

Senator Moss. Thank you, Mr. Bodman. We know that you have only been serving for a brief period of time at the Department and in
that length of time have very probably just gotten acquainted with the duties that will evolve upon you, that have already settled upon your administration, but will now be broadened somewhat if you are confirmed for the position which you have been nominated.

In that period of time which you have been serving, have you had total access to the Secretary? Are you satisfied with your relationship there?

Mr. Bodman. Yes; I would like to state that one of the most important impressions I have gained since I came is the ease of working relationships among the secretariat, under the leadership of the Secretary.

Senator Moss. You, in effect, are already serving on the secretariat in your present position, is that right?

Mr. Bodman. Yes, sir.

Senator Moss. With the additional job description, the widening of your authority, do you feel you will be able to contribute to the administration of the whole Department by coordinating it better, is that what you would say?

Mr. Bodman. Yes, I believe so. I think the principal advantage of being a presidential appointee is that the Assistant Secretary for Management and Budget would then have capacity to speak with the same level of authority as the other Assistant Secretaries on policy matters.

Senator Moss. Thank you. Senator Anderson?

Senator Moss. Senator Allott?

Senator Allott. I don’t think I have any further questions, Mr. Chairman.

Senator Moss. Senator Burdick?

Senator Moss. Senator Jordan?

Senator Jordan. I have just one or two questions. Secretary Morton testified in his statement that part of your new duties would be in the area of policymaking. There seems to be a strong-minded cult preservation, a wave of activity, and some members of this cult want no more dams and more coal fuel generation, and no nuclear fuel generation, no more off-shore leases, no share developments, no leased pipelines, and I would ask you: Do you have any preconceived notions or any alliances with this cult so that you cannot approach these problems in the Department of the Interior with an open mind?

Mr. Bodman. I have no allegiance, alliance or affiliation with any parties relating to the Department’s activities.

Senator Jordan. I am glad to know that because I think there is room for all of this. I think we must not close our minds to the balanced use of these resources as the evidence develops.

I am going to ask you the same question I asked when you came to our office because I think it should be a matter of record. You are making a substantial sacrifice financially to work for the Government and why, for the record, would a young man of your ability, of your position in the business world, make the sacrifice you are making to come to work for the Federal Government?

Mr. Bodman. My wife asked me the same question. Between the two of us, we answered it satisfactorily. I think the first reason is that in my professional career my entire efforts were to try to become bet-
ter capable of advising others regarding how to improve the administrative practices in their organizations. In that light the opportunity to join the Government and to work in this administrative area is a professional opportunity that I just couldn’t turn down. More important, however, I have always felt strongly that the citizenry of the country should serve when called upon. To refuse to serve when called is to abdicate in part one’s privilege to criticize Government. That privilege should only exist as long as we are willing to come back and serve if we are asked.

Senator Jordan. Thank you. I like the way you answered the questions and I will be pleased to give you my vote.

Senator Moss. Senator Metcalfe?

Senator Metcalfe. No questions.

Senator Moss. Senator Fannin?

Senator Fannin. Thank you, Mr. Chairman.

I am very much impressed with your background and abilities, or evident abilities. Now, you mentioned in your statement what you thought would be the principal functions of the new position and you state one as the improvement of the organization and management practice of the Department and you also stated improved administrative practice in helping organizations to move forward.

Now, we do have the duplication of efforts in many Departments. I do not know if you have become aware, and perhaps are. We are very proud of Secretary Morton and Secretary Hardin of the Agriculture Department, however, we do have departmental duplication, especially with Forestry and the Bureau of Reclamation, as well as various other Departments.

I wonder if, in your administrative work which you are doing you will be involved in trying to correct the duplicative things that have been happening over the years?

Mr. Bodman. May I ask for clarification? Do you mean among the various departments?

Senator Fannin. Well, in the west, especially, we have had in some case dual responsibility of the Department of Agriculture and the Department of the Interior and in many instances I have seen both Departments carrying on the same work but still not coordinating their efforts with each other. I would think with the background you have that this would be one of the areas in which you would want to participate and try to correct this problem.

Mr. Bodman. The answer to your question is I am aware of some of the duplication and responsibilities and functions and, yes; I am interested in reducing duplication. No; I am neither assigned nor competent to unilaterally take any action to do so among the Departments.

On the other hand, I have been meeting frequently with my counterparts, the Assistant Secretaries of other Departments of Government, to try to resolve areas with them on a day-to-day level where we do have duplication and overlap.

Senator Fannin. And you would be in a position to make recommendations?

Mr. Bodman. To the Secretary: yes.

Senator Fannin. To the Secretary, fine. Thank you. I wish you well.

Senator Moss. Senator Bellmon?
Senator Bellmon. Thank you, Mr. Chairman. Mr. Bodman, as I read the testimony, the title is Assistant Secretary for Management and Budget and it leads me to wonder if you will be working with the Office of Management and Budget?

Mr. Bodman. Yes; I would like to add this is not a new responsibility of the position. The Assistant Secretaries for Administration in all of the different departments work frequently with the Office of Management and Budget in resolving budgetary matters.

Senator Bellmon. This brings me to the question I have. I have only been in the Senate but briefly but it strikes me that in many cases decisions are made by people I take to be very competent generally in the Office of Management and Budget but who have no knowledge or competence in policy matters as they relate to natural resources, and I am particularly concerned about the helium decision that was made, which is a case in point.

The Congress had set up a program and yet it was discontinued and I am convinced that it was not done by virtue of a decision of the Department of Interior but by the Office of Management and Budget, and I will ask you, if your position would have competence to contest those kind of decisions and would you be in a position to level with members of this committee as to whether or not you are in accordance with the decisions made by the Office of Management and Budget?

Mr. Bodman. If I may clarify my relationship with the Office of Management and Budget, first, I am not yet familiar enough with the operation of the Office of Management and Budget to comment on how they manage their affairs or arrive at their decisions. I would like to add that basically their decisions are arrived at independently but with relationship to our Department.

The decision regarding programs in our Department such as that and other decisions are not made unilaterally by me. I sit as one member of a budget review committee with other Assistant Secretaries and with the Undersecretary and Secretary to review all of the programs.

So my role is only in an advisory capacity. I have no unilateral authority. On the matter of the helium contracts, the decisions were made before my coming to the Department. I wish I could say I understood better all of the factors that lead to those decisions, but I am just not competent to make any comment at this time.

Senator Bellmon. Well, it seems to me there has been a need for someone in, I suppose, there is a need for someone down there to let the Members of Congress know whether or not the decision that we are asked to support out here are made strictly for financial reasons or whether there is proper attention being given to some of the other considerations that might have even greater priority. The title of your job is related to budget and I wonder how much is strictly with budget and how much has to do with management?

Mr. Bodman. A great portion of my job has to do with the budget, but I assure you that no decisions that have been made since I have been with the Department have been made sheerly on the basis of financial consideration. No decisions on programs have been made unilaterally by the budget elements of our Department and I don't believe that that will ever be so.

Senator Bellmon. That is all, Mr. Chairman.
Senator Moss. Thank you.
Are there any further questions?
We will now go into executive session and I ask you to come before us there, Mr. Bodman, where we will discuss your financial statement which you have prepared for the committee and it will be in the room right behind us here.
This concludes the open part of the hearing.
Let me congratulate you and those that have spoken for you. We haven't heard a bad word all morning.
We will adjourn then to executive session.
(Whereupon, at 10:45 a.m. the hearing was closed.)