



## THE DEPARTMENT OF LOCAL GOVERNMENT AFFAIRS, 1968-72

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A few years ago, during the heyday of the urban crisis, the role of the state in urban affairs was a hot subject for debate. After years of being ignored, state government, the invisible partner in the federal system, suddenly became the candidate for a new and more meaningful role. One result of this new-found interest — plus the availability of federal funds — was the creation around the country of state departments of local or urban affairs.

In Illinois, legislation brought into life the Department of Local Government Affairs. The story of the department begins in 1968 when the initial studies were made. In this paper we will examine the creation and the first three years of the department. During this period the legislation for the agency was drawn up and passed; the department set up operations and designed several significant programs. We will focus on the strategies behind the creation of the department and the thrust of its early programs. At the end of the paper we will summarize some of the major issues associated with the development of such agencies in state government.

### Development of the Department

The Department of Local Government Affairs (DLGA) was created in the early part of 1969.<sup>1</sup> During the previous summer the Municipal Corporations Committee of the Republican-controlled state Senate had begun research on a local affairs agency. That fall the Republican candidate for governor, Richard B. Ogilvie, took a public position in favor of "establishing a Department of Local Government Affairs to assist municipal governments in planning and technical advancement." After his election in November, Ogilvie urged that the background research on creating such an agency continue. In order to understand the present functions of this agency, it is necessary to outline the early decisions which helped to shape initial departmental policies. The following description is based upon personal involvement at the formative stages and upon interviews conducted during the summers of 1969 and 1973.

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<sup>1</sup> This paper is based on personal observation and upon frequent discussions with the principal DLGA officers, including Robert Lehnhausen and Henry Holling, during the period from 1968 to 1972. Mr. Lehnhausen and Ron Michaelson, formerly on Governor Ogilvie's staff, reviewed the paper. Some of their comments have been included.

### THE TASK FORCE PHASE

The first step within the Ogilvie administration was the assembling of an informal gubernatorial task force to develop the form and functions of a state agency which would assist local units. The task force consisted chiefly of Ron Michaelson, the governor's aide for local affairs; George Warnecke, the staff counsel for the Committee on Municipal Corporations; and this writer, who was then at the Institute of Government and Public Affairs of the University of Illinois. Temporary members included Donald Tolva of the state Senate staff and William Hanley of the governor's legal staff, both of whom were involved on particular issues.

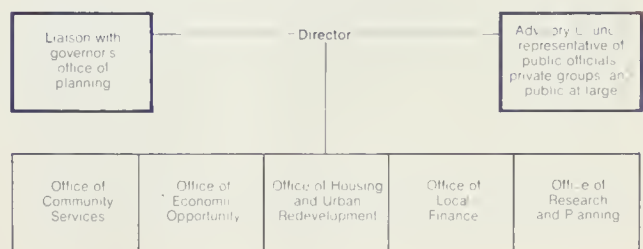
By the end of 1968 the outline of the proposed code department emerged (see Fig. 1). As envisaged by the task force the agency would serve two basic functions. It would provide a coordinated and comprehensive state level response to local problems, and it would assist local units in solving their own problems, theoretically enhancing the prospects for local self-determination. The task force proposed transferring several existing state units with local responsibilities to the new department. These included the State Housing Board, the Property Tax Appeals Board, the Office of the Fire Marshall, the local responsibilities of the Auditor's Office, some limited planning functions of the Department of Business and Economic Development, and the Division of Local Government and Property Tax from the Revenue Department.

The department proposed by the task force contained three important features:

1. The director of the agency was permitted to provide assistance directly to nonofficial local bodies (the bypass clause).

Figure 1

#### PROPOSED ORGANIZATION FOR ILLINOIS DEPARTMENT OF COMMUNITY AFFAIRS



2. "Little state capitols" would be set up in various parts of the state to provide citizen access to the state governmental process.

3. Through consolidation, a single state agency was given comprehensive operational authority in the areas of housing, community services, local finance, poverty, and planning.

Clearly, the agency departed from the traditional and noncontroversial form of ad hoc, fragmented state assistance to official local units, as experienced in Illinois.

## STRATEGIES OF CHANGE

As the task force prepared the measure for introduction in the General Assembly it decided to follow several unwritten legislative rules. First, although the governor's staff wanted passage in the 1969 session, no rigid timetable for implementation was prepared or followed. This is not an unusual procedure in Illinois, where chaotic legislative calendars and periodic executive involvement in legislation preclude adherence to tightly ordered schedules. Second, in line with tradition, the task force cleared major provisions with Senator Arrington, one of the important leaders in the General Assembly. For example, as the bill took shape, the matter of transferring the Property Tax Appeal Board, a matter close to Arrington, was reviewed with his staff. Third, there was an attempt to couch potentially threatening terms in technical language. In Illinois it is common practice to render bills noncontroversial by "thesaurusizing" them. In drafting this bill, for example, a temporary member of the task force insisted that the phrase "eliminate poverty" was too strong. With some reluctance, the task force accepted the innocuous phrase, "reduce economic disparities." Fourth, in accordance with formal legislative procedure, it was decided to introduce the measure as a committee-prepared bill but to identify it as an administration priority.

The task force honored some aspects of legislative protocol but rejected others. There was an early decision not to consult the major interest groups affected by the legislation. Interest groups in Illinois customarily have a great deal to say about legislation. In some cases, consultation in the drafting stage is a matter of courtesy; in others, it is a matter of practical politics. In this case, the major interest groups were the Illinois Municipal League and the city of Chicago. The decision not to involve them in the drafting stage was made in full recognition of their influence in Springfield.

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## ILLINOIS GOVERNMENT RESEARCH

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A second major decision was to draft the bill as a highly detailed and specific measure. Normally, legislation of this kind is drafted in general terms so as to maximize administrative flexibility and minimize specific opposition. In this case, however, the bill detailed the powers of the department, outlined the innovative concepts, listed the functions of the divisions, and made specific reference to community organizations, direct contracting, and local centers.

A third innovative approach involved an attempt to coordinate executive and legislative resources in drafting and implementing the bill. Such coordination had been impossible in the recent past because of the split in political parties between the executive and legislative branches.

By January 1969 the basic provisions of the bill were outlined. After several detailed "cleanup" sessions to refine the language and straighten out technicalities, the bill was prepared for introduction in March.

## THE LEGISLATIVE PHASE

Although the proposed new department and its functions were quite unexceptional, the bill creating DLGA generated a good deal of resistance from a number of sources at each stage of the legislative process. Most of the objections were raised during the first hearing on the bill in the Senate Municipal Corporations Committee. Some were technical and concerned transfers of agencies and imprecise language, but many were substantive. The center of controversy was the authority of the director to "bypass local officials and to deal directly with accredited community organizations." This concern over bypassing local officials was summarized in a lengthy memo from the Illinois Municipal League. The director of the league suggested that the department be purely advisory and that all references to community organizations be deleted. He persuaded three of the ten Republican committeemen to withhold support for the bill until amendments were made. The three Republicans were joined by the five committee Democrats, who labeled the bill "the biggest power grab" they had ever seen. By a vote of 8-7, the committee chairman was forced to postpone consideration until a compromise could be effected.

Two sides formed over the issues. The Municipal League, on one side, wanted the department to be purely advisory and to have no functioning authority. On the other side, the governor's task force and the committee sponsors insisted that the state had a responsibility to provide direct services. Informal compromise sessions were of no avail, and final agreement on the bill was reached only a few hours before the committee held its second hearing. Compromise language calling for the provision of services *upon request only* was accepted, and all references to community organizations were dropped. These were the major substantive changes. The bill was resubmitted and passed out of committee by a party vote of 10-5.

Upon advancement to second reading, the bill was further revised. The language transferring the Office of the Fire Marshall and the local duties of the Auditor's Office was amended out. Although the functions of these offices are minimal and their power relatively insignificant, the agencies were strong enough to prevent an attempted reorganization.

At the time of third reading, there was little doubt that

## COMMUNITY SERVICES

The Office of Community Services, created to serve as a "one-stop service center to local governments," became the star of the department during the first three years. More than any other subdivision, its policies and programs illustrated the approach of DLGA to local affairs.

With a professional staff of ten to fifteen, Community Services provided four kinds of assistance to local units. The division established an information service for local units on federal and state programs. The staff played an advocate role in coordinating the resources of related state agencies such as the departments of agriculture and conservation. It maintained a three- to five-man field staff to provide advice and assistance to local officials. Finally, Community Services assisted local units in matters of budgeting and finance, functions intended in the task force draft for the Office of Local Finance.

There were a number of major programs in the Office of Community Services. Leadership training seminars were held periodically throughout the state to upgrade local officials and provide information on current administrative issues, such as home rule and revenue sharing. A city-county talent bank fashioned after the federal intergovernmental personnel exchange was set up but never got off the ground. Crisis-oriented community development grants were distributed; in one year they totaled \$80,000. Task force studies and reports were prepared on such topics as small town development and revenue sharing. Indeed the role of DLGA in rural development and the work of the Office of Community Services with the governor's special cabinet on small town problems were viewed as major accomplishments of the new agency. The field staff devoted a great deal of time to casework. An urban intern program was established; students from all over the state spent the summer working for various urban governments. The Cook County Council of Governments' intern project was subsidized for a year. Support was given to the Urban Area Study Commission. The office provided information and assistance to local governments on finance and budgeting. A clearinghouse was set up to keep track of federal programs.

Programs like the urban intern experience were extremely popular. Other activities, such as the clearinghouse, were so casual as to be of limited value. At any rate, the programs of this division seemed to be characterized by the following policies:

1. To engage in activities which are technical, like information sharing, or noncontroversial, like debris removal.
2. To provide assistance only upon request, as opposed to taking an aggressive planning role.
3. To work with official agencies and involve only official representatives, as in the leadership training programs and in the hiring of former elected officials as field staff.
4. To spend limited funds in small amounts in several localities, as opposed to concentrating resources on an in-depth project in one area.
5. To focus on downstate, rural communities, rather than large, urban centers.

To some degree these policies and priority areas were developed by the DLGA leadership and staff. In another sense, of course, these activities were a result of legislative direction and were done in strict accord with legislative mandate.

## HOUSING AND BUILDINGS

Formerly a separate unit in state government, this agency was intended by the Ogilvie administration to play a secondary role to the Illinois Housing and Development Agency (IHDA). To some extent, knowledge of its intended role prevented Housing and Buildings from developing into the innovative unit which had been Director Lehnhausen's original intention. Yet, because it was loosely coordinated by the governor's staff, the office developed its own programs and policies independent of DLGA direction.

Generally speaking, the office stayed within the traditional programmatic boundaries of the state agency responsible for public housing administration — issuing certificates, approving appointments, and the like. It provided comprehensive technical assistance to the 126 local housing authorities in Illinois, administered its federal HUD training programs, and supervised grant applications for housing-related programs.

In addition, the office initiated new programs in quality, low-income housing development, began occupancy audits of local authorities on a fee basis, and studied low-income housing needs through the Social Service Delivery Systems Project. Another program, related to the HUD Breakthrough Program, involved the construction of modular units on a pilot basis in selected Illinois areas.

The policies which seemed to guide the implementation of these projects were:

1. Administrative agreement between IHDA and the Office of Housing and Buildings (OHB) to assume different roles, with OHB assuming a low profile but nonetheless taking advantage of its statutory flexibility and developing new programs.
2. Emphasis on negotiations and the involvement of local authorities in training programs and pilot projects, rather than on regulation of local authorities.
3. Concentration of limited staff and money in selected program areas (federal grants and federal pilot projects), rather than the provision of broad technical assistance to local authorities.
4. Concern with the noncontroversial physical and administrative aspects of public housing to the neglect of the explosive issues of economic inequality and racial tension.

## RESEARCH AND PLANNING

The Office of Research and Planning (ORP) was transferred almost intact from the Department of Business and Economic Development (BED). Although the original act was vague as to the planning functions of the new department (statewide and local planning were mentioned in the initial bill), ORP's major activity in DLGA continued to be administration of the federal Comprehensive Planning Assistance Program (the popular 701 grant). In addition, localities were provided with limited technical and advisory planning services (the TAPS program), and the issue of regionalization was studied in depth. Finally ORP was viewed internally as a means of evaluating DLGA's operations. Despite the confusion of the legislation, at no time were ORP's functions redundant with other state planning operations or with the later-created Office of Planning and Analysis.

Research and Planning did not meet its anticipated responsibilities in three key areas. First, the staff did not conduct formal and regular internal evaluations of

To carry out these objectives and provide a coordinated response to local affairs, the DLGA was organized into four operating divisions (see Fig. 2). The divisions functioned until January of 1973, when a new governor appointed a new director of the agency. In the following section of the paper the policies and programs of the department as a whole and of the four divisions are evaluated for the period of January 1969 to January 1973. The analysis is based on DLGA records and on a series of interviews with most past or current officers, division heads, and principal staff available during the summer of 1973.

## POLICIES AND PROGRAMS

There seems to be little concurrence between the five objectives of the bill creating the department and the actual operations of the agency.

1. Despite the goal of dealing more effectively with the urban crisis and the conditions of urban areas, most interviewees pointed out that the department dealt mainly with small, rural, downstate communities; evolved a hands-off policy with regard to Chicago; and, until 1972, largely ignored even suburban Chicago municipalities. It is true, however, that DLGA did attempt to get involved indirectly in suburban activities through the Cook County Council of Governments. Moreover, in fairness to the department, representatives of the city of Chicago rebuffed initial attempts at cooperation by Director Lehnhausen with the comment, "How much money do you have for us?"

At a time when urban problems are often equated with racial problems, DLGA did not have a single black officer on its staff during its first three-year period. More importantly, DLGA had virtually no minority- or race-related programs in operation. The initial legislation had encouraged the agency to be responsive to the particular needs of urban minorities, but the department took no special measures to develop such policies.

2. The record is mixed with regard to the department's efforts to promote an integrated response to metropolitan-wide problems and provide incentives for coordinated planning and consolidation. The effort spent on the metropolitan transit study, the idea of the city-county talent bank, the continuation in DLGA of the Department of Business and Economic Development's legacy of metropolitan planning, and the subsidization of areawide planning agencies indicated some state action in this area.

On the other hand, the actual dollars and staff time allocated to support areawide planning were negligible. Interstate urban areas were largely avoided; almost no work was done with metropolitan-wide special districts. A \$15,000 intern program subsidy was given to the Cook County Council of Governments, which Governor Ogilvie founded, but even this grant was discontinued after one year. In short, little was accomplished during these initial years in the critical areas of metropolitan land use, interagency planning, or financial incentives for consolidation. DLGA did cooperate with study groups, such as the Commission on Urban Area Government, but this type of involvement never went beyond the study stage.

3. The third goal was to make the department a central source of information on state and federal programs. Interviews indicated partial achievement of the original legislative intent. The department staff did keep track of federal programs affecting local areas, and provided basic information on federal grants on an informal basis.

At the same time, it was admittedly difficult for a depart-

ment with a limited budget and staff (five field staff in the Office of Community Services) to follow through on helping a community participate in federal programs. In addition, the department has little influence over the setting of federal or state priorities and must compete for resources under a set of rules which informally earmarks funds to certain constituencies or certain areas. For example, half of the Law Enforcement Assistance money goes automatically to Cook County, and one-twelfth of the state income tax is automatically rebated to existing local units. Much of the process of distribution of state and federal monies is inflexible, not discretionary, and DLGA can do little to adjust this process.

4. The fourth objective was to make state agencies more visible and responsive to local governments. Although the goal is obviously vague and its achievement difficult to measure in any specific way, interviewees made two points. Some argued that through casework by the Office of Community Services field staff, local units were given moral and technical support. The department attempted to be a friend in Springfield to small government throughout the state. This policy was reinforced by the official policy of serving governments only at their request, as the legislation specified.

Others contended that the basic policy of the department was to deal with those local problems that were dramatic and highly visible, but noncontroversial. Three examples illustrate the point: 1) the \$20,000 grant to Crescent City to clean up after a train wreck in the spring of 1970; 2) the \$20,000 grant to Thompsonville to assist after a 1971 tornado; and 3) the coordinated planning offered by the department to the city of East St. Louis after a 1972 railroad explosion. Although the assistance was undoubtedly well intentioned and useful, it reflects the crisis approach of dealing with dramatic and visible emergencies rather than with complex, long-term problems.

5. Finally, the interviewees were asked about the goal of decentralizing state authorities and enhancing local determination and home rule. Several comments were directed to this issue. One respondent pointed out that the director and the staff of the department personally believed in the principle of local control. Consequently, grants and assistance were extended with no strings attached and only at the request of local officials. As another example, the highly publicized training programs for local officials were designed to improve local leadership. Although there was no question that the department honored the home rule principle, it is less clear that this hands-off attitude regarding local officials is the same as citizen local determination. The department never attempted to bypass elected officials or municipal government and deal directly with formal community organizations and other citizens' groups.

Given the mixed responses in these various areas, it is perhaps safest to agree with one respondent that "the department's policy was a lack of policy"; there simply were no clearly defined, departmentwide plans and priorities in dealing with local affairs. Rather, the policies and programs reflected the background and outlook of the first director, a former downstate mayor; the constraints of a legislative body used to dealing with technical problems; and the lack of gubernatorial allocations of money and staff to implement massive change.

If there was no clearly formulated, consistently applied departmental policy, there was a good deal of action at the division level. Division programs and policies illustrate the diversity of the department's roles.

the heavily amended bill would pass the Republican-dominated Senate. The Democrats made a show of opposition, reiterating that the bill "was nothing but a power grab" and would force the city of Chicago to come "hat in hand to Springfield," especially when federal grants were involved. Nevertheless, when the final roll was called, the Democrats "took a walk" and the bill passed the Senate 37 - 4. As the Democratic leader admitted, "[This] was the kind of bill we would like to see pass." Apparently, the proposal had been watered down enough to make it acceptable to "Municipal League Republicans" and "city Democrats" alike. But it was not yet out of trouble.

Following passage in the Senate the bill was routed to the House Executive Committee where, on first reading, it was almost defeated by a vote of 13 - 13. The objections at this point were articulated by a Chicago-area Republican who feared that the department would interfere with federal grants and would "become another NIPC" (Northeastern Illinois Planning Commission). These objections were somewhat irrelevant as the bill never specifically authorized state or regional interference in local control, and federal grants were protected by "non-interference" provisions. Nonetheless, changes were made reflecting these concerns, and the bill was given a "do pass" recommendation.

Although there was no opposition during second reading in the House, at third reading these objections surfaced again. Suburban and some downstate Democrats quietly favored the bill, but Chicago Democrats charged that the bill signaled the end of local authority. Even some Chicago-area Republicans compared the department to an octopus which would grab everything in sight, especially

federal grants. The controversy over community organizations was resurrected by references in the debate to community action activities. In the end, after vigorous horsetrading by the Republican sponsor James Peterson, the bill was passed, 95 - 57.

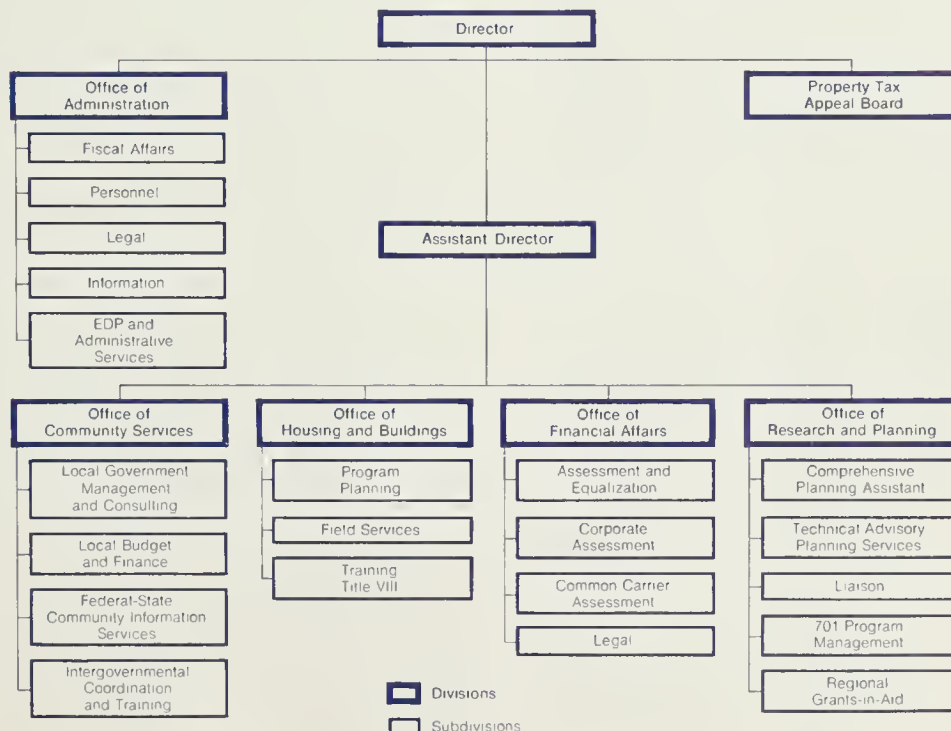
The bill signed by the governor bore only a skeletal resemblance to the original task force draft. In the original bill the director had the authority to work with community groups; now his powers were substantially reduced. The proposed office of economic opportunity was removed. All references to community organizations were deleted. The department was limited to providing services *only* at the request of local officials. The number of local officials on the advisory council was increased, thus reducing participation by at-large members. Little state capitol were not provided for, and only four of the recommended six agencies were to be consolidated into the department.

### Performance of the Department

The legislative statements which accompanied the creation of the agency outlined five broad goals:

1. To reorganize agencies at the state level to deal more effectively with the urban crisis.
2. To provide statewide financial and technical assistance and incentives for areawide organizations and to reduce fragmentation of government.
3. To establish a central source of information on state, and especially federal, programs.
4. To make state agencies more visible at the local level and more responsive to local units.
5. To strengthen local governments by providing state services upon request.

Figure 2  
ILLINOIS DEPARTMENT OF LOCAL GOVERNMENT AFFAIRS ORGANIZATION DETAIL, JANUARY 3, 1972



DLGA's operations. Second, ORP did little to provide financial or programmatic incentives for local, and especially metropolitan, planning operations. Nor did it assist local planning by ranking and evaluating local, including community, needs and proposing strategies for the state to meet these needs.

#### FINANCIAL AFFAIRS

The legislation creating DLGA transferred the Division of Local Government and Property Tax from the Department of Revenue to the new department. The functions of this division had been to assist local units in such technical matters as budgets, real and personal property tax assessment, and tax district boundaries. Most of these functions were continued in its new location.

In terms of staff and budget, the Office of Financial Affairs (OFA) became the largest division in the new department. Although the legislation referred to assigning new functions, the division continued the program of intercity equalizations, the state assessment of property tax, and the assistance provided to local units. The most visible and popular features of the OFA were soon transferred to the Office of Community Services. Since then, Community Services, through its local budget and financial affairs section, has coordinated the federal revenue sharing plan with local units and administered the state income tax rebate.

In the one area in which OFA attempted to innovate — using new criteria in computing the state equalization factor, which is used to determine tax assessments — the agency received critical press coverage for playing politics with the multiplier. In addition, it was noted that OFA failed to assist in assessing complicated properties such as sophisticated industries and intercounty areas and that during the first three years it failed to seriously study the property tax, even though OFA was the one state agency with authority in this area.

#### Conclusions

By any reasonable measure, the performance of DLGA during its first three years must be rated as mixed. Despite its lack of overall policy and its case-by-case approach to problems, the department accomplished several modest goals. It was a "friend in court" to cities and villages, it channeled some federal and state planning

and emergency money to local units, and it provided limited technical advice. The question, as one observer put it, is whether these jobs are worth doing — whether there should be a state-supported version of the Illinois Municipal League. More than this, the question is, Can such a department be anything more than an upgraded Illinois Municipal League, given the vagaries of politics and the strength of the league in the Illinois legislature?

It is difficult to evaluate the performance of DLGA because it is a new agency with a limited budget and staff, and the statutory expectations were unrealistically great. To accomplish the many objectives outlined in the statutes, DLGA would have had to have been a massive bureaucracy with an unlimited field staff and operating budget. The major criticism of the department is that it could have done so much more even with its limited resources. It might have worked informally but directly with community organizations. It might have concentrated technical resources on metropolitan and regional planning efforts. It might have recognized and publicized the responsibility of state government for urban problems through study commissions and through conferences and training sessions.

To put these criticisms in perspective it should be emphasized that the Illinois experience is not unusual. Around the country departments of community affairs and departments of local government have been criticized for not doing enough to help the cities.<sup>2</sup> These criticisms, while not severe, are the natural result of unmet expectations. In many states, the heady rhetoric of the urban crisis was not matched by delivery of resources or programs. In this context it is perhaps a disservice to "fault" agency administrators on lack of action when in fact they had little staff, money, or legislative authority to accomplish multiple goals imposed on them. If the staff of DLGA during the first three years is criticized for being overcautious and reluctant to get involved, this is at least partly understandable.

Regardless of the specific criticisms of its performance, the Department of Local Government Affairs did achieve its single most important purpose. Merely by its existence the department acknowledged that there is a role for the state in local affairs. This is the department's significant contribution.

<sup>2</sup> Lawrence O. Houstoun, Jr., "Are the States Relevant?" *City 6* (summer 1972): 43-47



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