Trends towards direct funding of health and social services have become a growing feature of public sector restructuring. Under this funding model, governments provide funds directly to users who then purchase services through private markets. Such restructuring is driven both by user advocates and government reform agents. For example, the Independent Living Movement has promoted direct funding for decades as a way to empower citizens to gain more choice and control over their lives and access to publicly funded services and supports. Such social movement goals overlap with the public choice framework by suggesting that direct funding would cost less and provide better outcomes in the delivery of public services.

This paper explores the emerging trend towards direct funding in Ontario’s developmental services sector. Specifically, this study examines the implications of this form of restructuring for labour markets and unions. The transformation of developmental services in Ontario is a paradigmatic case of this form of public sector restructuring. Disability rights advocates were instrumental in the closure of large, publicly run institutions, shifting the provision of services to community-based, charitable agencies. The current phase of the restructuring process is characterized by a shift in government funding away from large block grants to these charitable agencies towards individualized payments. Under the emerging direct funding model, families and self-advocates are provided public funds directly in order to purchase services and supports through private markets. Such restructuring in the provision and delivery of developmental services has tremendous implications for labour markets and social service unions.

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