



ECONOMICS OF ESO's

(Employment Service Organizations for Persons with Disabilities)

Employment Service Organizations are an unusual combination of a business enterprise and a nonprofit organization intended to provide services to persons with disabilities. This combination leads to a somewhat peculiar economic structure that is worth examining if the beast is to be understood.

The key to understanding these economics: the realization of the impact that training and employing severely disabled persons have on costs of operation. If you were creating a new business, you could likely obtain information which would tell you, for a given volume of business, how many employees would be necessary, what equipment you would need, and the size of the building you would have to operate in.

When the people that you expect to train and employ are persons with severe disabilities, producing, for example, at 33 % of what the average non-disabled worker can produce, you immediately need 3 times the number of workers, 3 times the space, and 3 times the number of tools to produce the same volume of work in the same time frame.

Because of the higher incidence of behavior problems, the special kinds of supports necessary, and the provision of services not likely to be found in the typical for profit business (such as providing your employees transportation, or the placement and training of the individual in a competitive job in the community) you will likely need, not only three times the supervisory staff, but also unusual support staff such as vocational counselors, trainers, case managers, job placement coordinators, etc.

Most ESO's in the state of Virginia identify these costs annually and use them as the basis for negotiating the rates that it charges for the services provided on the rehabilitation side of the organization. Production, or the commercial side of the organization, is then responsible for covering the remaining costs, those which are attributable to business activities and not the special needs of the disabled employees, while at the same time generating the money necessary for continued growth and improvement.

The funds available for purchasing these services, or subsidizing the additional costs of employing the severely disabled, have leveled off or diminished. This leaves the ESO looking for more local funds, which are already under intense demand because the same thing is happening for all the other non-profits, or faced with the challenge of spinning up their commercial earnings and profitability to "fund" this deficit through their own earning capacity.

