

***Rising Poverty in the Midst of Plenty:
The Case of Working-Age People with
Disabilities over the Business Cycles
of the 1980s and 1990s***

Policy Brief

Richard V. Burkhauser

Department of Policy Analysis and Management

Andrew J. Houtenville

School of Industrial and Labor Relations

Ludmila Rovba

Department of Economics

April 2005

The United States Bureau of the Census provides the official poverty rate of various sub-populations in the United States, but does not do so for working-age people with disabilities. Figure 1 shows the levels and trends in the poverty rate of working-age people (aged 21-64) with and without disabilities using the official United States Bureau of Census measure of poverty from 1979-2004.

The data used in Figure 1 is from the 2004 and earlier Current Population Surveys (CPS). We use the CPS work limitation-based measure to define the working age population with disabilities.¹ (See: Stapleton and Burkhauser 2003 for a fuller discussion of the reliability of this measure and its uses.)

Figure 1 shows that over the business cycle of the 1980s (1979-1989), the poverty rate of both those with and those without disabilities rose as the country moved from a business cycle peak in 1979 to a business cycle trough in 1983. Between 1983 and 1989 the United States economy experienced six years of economic growth, but the rewards of that growth did not fully reach the lowest levels of the income distribution. While the poverty rate of both working-age people with and without disabilities fell between 1983 and 1989, both had a higher poverty rate in 1989 than in 1979. Furthermore, the risk of poverty of those with disabilities relative to those without disabilities rose from 3.18 to 3.48. That is, working-age people with disabilities were 3.18 times more likely to be in poverty than were working-age people without disabilities in 1979. By 1989 their relative risk of poverty grew to 3.48. Hence, over the 1980s business cycle the risk of poverty grew both for working age people with and without disabilities, but more so for those with a disability.

The business cycle of the 1990s (1989-2000) began in the same way for both working-age people with and without disabilities. Their poverty rate grew between 1989 and 1993 as the economy once again moved from a business cycle peak to a business cycle trough. But over the next seven years, the rewards of economic growth dramatically reduced the poverty rate of working-age people without disabilities. Their poverty rate fell from 9.40 percent in 1993 to 6.79 percent in 2000. Thus by the end of the 1990s business cycle their poverty rate was not only lower than their 7.83 percent poverty rate at the start of the 1990s business cycle, but lower than their poverty rate at the start of the 1980s business cycle. The poverty rate of working-age people without disabilities in the business cycle peak year of 2000 was at its lowest point over the past two business cycles.

Unfortunately, this was not the case for working-age people with disabilities. While their poverty rate fell from 31.28 percent in 1993 to 28.07 percent in 2000, this was still higher than their 27.76 percent poverty rate in 1989 and considerably greater than their 21.87 percent poverty rate of 1979. Hence over the 1990s business cycle, the absolute risk of poverty continued to rise for those with disabilities while it fell for those without disabilities. Hence, by 2000, the relative risk of poverty of those with disabilities rose to an all time high of 4.13 times that of working-age people without disabilities.

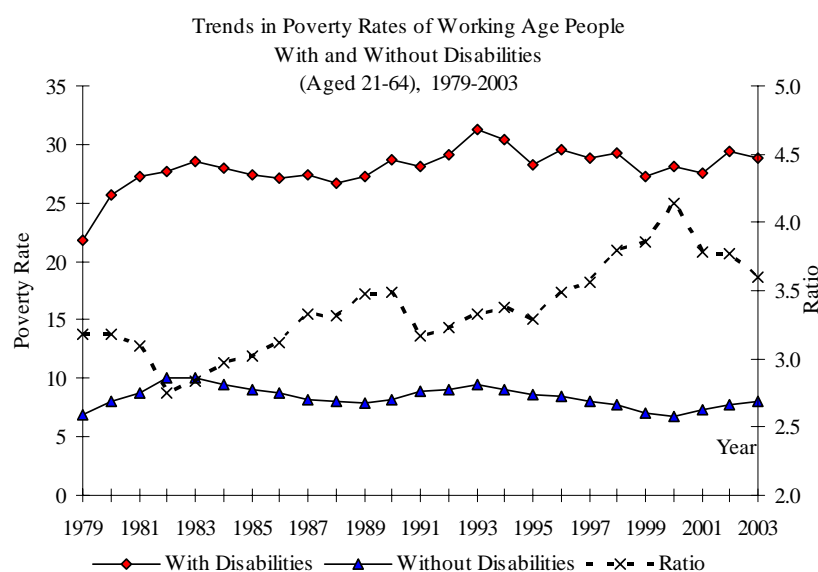
The business cycle of the first part of the 21st Century has only just begun. As the economy moved from growth to recession between 2000 and 2003, the poverty rate of both working-age people with and without disabilities once again increased and, as was the case in the two previous recessions, the relative risk of poverty fell for those with disabilities. It is likely that future CPS data will show that 2003 was the trough year of our current business cycle. But how much of the rewards of economic growth during the upswing of our current business cycle will reach the lower end of the income distribution and especially working-age people with disabilities remains to be seen.

In our paper, (Burkhauser, Houtenville and Rovba, 2005) we show that the overall trends reported in Figure 1 are not sensitive to changes in the composition of the population of working-age people with disabilities. We also show that the 1990s, while a great period for those without

disabilities, in terms of net income growth and poverty reduction, was not so for working age people with disabilities.

The remarkable rise in the absolute and relative poverty rates of working-age people with disabilities over the past two decades has gone almost entirely without official notice, because unlike other sub-populations, the United States Bureau of the Census does not officially track the employment and economic well-being of working age people with disabilities. Our paper offers one method of measuring the poverty rate of working age people with disabilities. It uses the same CPS data and poverty definitions used by the United States Bureau of the Census to measure the poverty rates of other sub-populations. The first step in reducing the poverty of working age people with disabilities is for the United States Bureau of the Census to begin officially tracking the poverty rates of the working age population with disabilities, so we are able to clearly see the dimensions of the problem.

Figure 1.



Source: Authors' calculations based on the March CPS (1980-2004).

Note: The value for 1979 is an estimate which assumes no change in the shares of those with and without a disability and in the relative risk of poverty between 1979 and 1980.

References

Burkhauser, R. V., Houtenville, A.J. & Rovba, L. (2005). *Rising Poverty in the Midst of Plenty: The Case of Working-Age People with Disabilities Over the Business Cycles of the 1980s and 1990s*. Ithaca, NY: Rehabilitation Research and Training Center for Economic Research on Employment Policy for People with Disabilities, Cornell University.

Stapleton, D. C. & Burkhauser, R.V. (eds.) (2003) *The Decline in Employment of People with Disabilities: A Policy Puzzle*. Kalamazoo, MI: W.E. UpJohn Institute for Employment Research.

Endnotes

1. The specific CPS question is: [D]oes anyone in this household have a health problem or disability which prevents them from working or which limits the kind or amount of work they can do? [If so,] who is that? (Anyone else?).

For further information about this paper contact:

Richard V. Burkhauser
Department of Policy Analysis and Management
Cornell University
Ithaca, NY 14853

Phone: (607) 255-2097
e-mail: rvb1@cornell.edu
web: www.ilr.cornell.edu/rrtc

This paper is being distributed by the Rehabilitation Research and Training Center for Economic Research on Employment Policy for Persons with Disabilities at Cornell University.

This center is funded to Cornell University, in collaboration with The Urban Institute (Washington, DC) by the U.S. Department of Education, National Institute on Disability and Rehabilitation Research (*No. H133B980038*). The contents of this paper do not necessarily represent the policy of the Department of Education, and you should not assume endorsement by the Federal Government (Edgar, 75.620 (b)).

The Co-Principal Investigators are:

Susanne M. Bruyère—*Director, Employment and Disability Institute, School of Industrial and Labor Relations, Extension Division, Cornell University*

Richard V. Burkhauser—*Sarah Gibson Blanding Professor and Chair, Department of Policy Analysis and Management, College of Human Ecology, Cornell University*

David C. Stapleton—*Director, Institute for Policy Research, Cornell University*