

# Impacts of the Continuous Cash Benefit Programme on Family Welfare

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**The Benefício de Prestação Continuada** (BPC – Continuous Cash Benefit) programme grants a non-contributory benefit of the amount of one minimum wage to elderly people (65 or older) and those with disabilities that make them unfit to live and work independently. To qualify, there must be evidence that the monthly household income per capita is less than a quarter of the minimum wage currently in effect. It is, therefore, aimed at very poor families. The BPC is a right guaranteed by the 1988 Federal Constitution and regulated by the Lei Orgânica de Assistência Social (LOAS – Organic Law on Social Assistance). The cash transfers began in 1996.

The benefit amount is quite high when compared to other federal programmes, which is reflected by the sheer size of the programme's budget: in 2008 it paid out nearly R\$14 billion, while Bolsa Família paid out around R\$7.5 billion. The BPC has benefited almost 3 million people, while Bolsa Família benefits around 40 million people. As we can see, the BPC has fewer beneficiaries who receive significantly higher amounts than those of other government transfers.

This study aims to assess the BPC programme in terms of the effects it generates within beneficiary households. Specifically, we will analyse the labour supply among elderly people and co-residents living in the households under consideration, as well as the labour and schooling levels of children living with grant recipients.

Typically, studies on social assistance programmes for elderly people focus on poverty and preventing the beneficiaries from becoming vulnerable. However, such grants have additional effects. Barrientos and Lloyd-Sherlock (2002) cite the promotion of the 'elderly' status within the household, the prevention of extreme poverty and the breaking of intergenerational and persistent poverty, through investments in human, physical and social capital.

Martinez (2005) studied income transfers for elderly people in Bolivia (Bono Solidario) and found a significant increase in food consumption within beneficiary families. When analysing transfers for elderly people in South Africa, Case and Deaton (1998) found redistributive effects in the resources allocated for food and education, in transfers to other households and in savings. Duflo (2003) observed that the transfer has improved the nutritional status of children and that the effect differs according to the gender of the recipient and children.

Another effect associated with the grants is the increase in the likelihood that recipients will live alone (Costa, 1999). Paul (2008) shows that the BPC has brought about changes in household composition.

This study uses micro-data from the Pesquisa Nacional por Amostra de Domicílio (PNAD – National Household Sample Survey), conducted by the Instituto Brasileiro de Geografia e Estatística (IBGE – Brazilian Geography and Statistics Institute). However, this annual survey does not include specific questions about social programmes every year. And even in years when such information is available as a special supplement—in 2004 and 2006—it refers only to households. As such, by using these supplements, one can

only determine if a given household is a programme beneficiary but not which individual within that household receives the benefit.

Despite this problem, one can still determine which programme benefits each individual, by relying on eligibility criteria such as wages, household income, age, household composition and the amount paid by each social programme. This procedure can be used for all PNAD survey years, even those without the supplement.

The amounts paid out by social programmes are recorded as PNAD variable 'V1273', described as: "interest on savings accounts and other investments, dividends and other income usually received in the reference month". It is unlikely that anyone receiving interest on investments and dividends will be a beneficiary of social programmes. However, since the amounts paid by these programmes are well known, one can use the amounts declared in this variable to deduce from which programme an individual receives benefits.

Barros, Carvalho and Franco (2007) use the typical amounts of the BPC, Bolsa Família, Bolsa Escola, Bolsa Alimentação, Cartão Alimentação (Food Voucher), Programme for the Eradication of Child Labour (PETI) and Gas Stipend to identify the beneficiaries of each programme. All individuals whose 'V1273' variable was one minimum wage were identified as BPC beneficiaries. The combination of the amounts typical of each programme is crucial in identifying individuals who receive benefits from more than one social programme simultaneously.

Regression discontinuity designs, propensity score matching and difference-in-differences have been implemented in an attempt to isolate the programme's effect on the variables of interest.

Results show that BPC beneficiaries are more likely to live alone or only with a spouse, as a result of greater financial independence. We note that individuals living in households that receive the BPC—both seniors and co-residents—boast lower participation rates in the labour market. We also observe a drop in the labour performed by children aged 10 to 15 years who live in households where an elderly person receives benefits from the programme. However, no effects were detected vis-à-vis children's educational levels.

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