

What Is the Impact of the *Bolsa Família* Programme on Education?

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Many researchers have shown that Brazil's *Bolsa Família* programme had a large impact on reducing poverty and income inequality. But evidence for the programme's impact on educational outcomes is in short supply. Does *Bolsa Família* increase school enrolment? Does it reduce dropout rates? Does it improve grade promotions?

The main barriers to children's enrolment in school are the direct costs (school fees, books, uniforms and so on) and the opportunity cost of time in school. The latter refers to alternative paid and unpaid work that could have been performed. Several countries have ended fees or have provided free meals and uniforms. Conditional cash transfer (CCT) programmes such as *Bolsa Família* are in place to encourage families to send their children to school.

CCTs have two objectives: (i) alleviation of poverty today; and (ii) higher investment in the human capital of poor children so as to increase their well-being when they are adults. The first objective is met when poor families receive programme payments. The second is achieved by conditioning those payments on certain behaviours, mainly enrolling children in school.

Bolsa Família, which started in the 1990s and expanded rapidly in 2001 and 2002, provides monthly cash payments to poor households if their children (between the ages of 6 and 15) are enrolled in school. By 2007, more than 11 million families (about 46 million people, a quarter of Brazil's population) received payments. The government budget for the programme was more than 7.5 billion reais (about US\$4 billion) in 2006, which was 0.35 per cent of GNP.

Glewwe and Kassouf (2008) examined the impact of *Bolsa Família* on children's progress in school. Eight years of school census data (1998–2005) were used to create a panel of public schools with grades 1–4 and 5–8. The estimation method used compared changes in enrolment, dropout and grade advancement rates across schools that adopted the programme at different times.

Glewwe and Kassouf estimate that, after accounting for cumulative effects, *Bolsa Família* has increased enrolment rates by about 5.5 percentage points in grades 1–4 and by about 6.5 percentage points in grades 5–8. They also found that the programme has lowered dropout rates by about 0.5 percentage points for children in

grades 1–4 and by about 0.4 percentage points for children in grades 5–8. The programme raised grade promotion rates by about 0.9 percentage points for children in grades 1–4 and by 0.3 percentage points for those in grades 5–8.

Only about a third of Brazil's children participate in *Bolsa Família*. It is reasonable to assume that these programme impacts are due only to the effect of *Bolsa Família* on participants, with no effect on non-participants. This implies that the impact of participating in the programme is about three times higher than these estimates. Hence the long-run effect of the programme seems to be to increase participants' enrolment rates by about 18 percentage points, to reduce dropout rates by 1.5 percentage points, and to raise grade promotion rates by 2 percentage points.

Brazil's ethnic groups differ in many ways, including education outcomes. The 2004 National Household Sample Survey (PNAD) reports that white children aged 7–15 have a school enrolment rate of 97.3 per cent. The rates for blacks, mulattos and indigenous children of that age group are lower: 93.6 per cent, 95.2 per cent and 89.6 per cent, respectively. The rate for Asian children, 97.6 per cent, is slightly above that for white children. The results show that *Bolsa Família* is more effective at increasing the enrolment of blacks, mulattos and indigenous children than it is for whites, and thus it appears to be equalising enrolment by race.

While these impacts cast a favourable light on *Bolsa Família*, simple calculations based on the enrolment impacts suggest that the likely benefits in terms of increased wages may not exceed the programme's costs. Its long-run effect seems to be increasing participants' enrolment rates by about 18 percentage points, which implies that 82 per cent of beneficiaries would have enrolled in school even without *Bolsa Família*. The income transfer, however, could be viewed as a benefit solely on distributional grounds. This raises the question of whether *Bolsa Família* can be targeted towards those households that would not enrol their children in the absence of the programme. Answering this question is an important task for further research.

Reference:

Glewwe, P. and A. L. Kassouf (2008). *The Impact of the Bolsa Escola/Família Conditional Cash Transfer Program on Enrollment, Drop Out Rates and Grade Promotion in Brazil*. Department of Applied Economics, University of Minnesota.