

This article aims to show the composition of the benefits paid under the BFP, with special emphasis on the way that the benefits have developed over the years, together with an explanation of the variations arising from adjustments and changes in the design of this cash transfer policy since it was first implemented. The first section deals with the changes in the design over the years, while in a new section details are provided of how the current benefits of the BFP are calculated.

## 1. BOLSA FAMILIA PROGRAM BENEFITS: BACKGROUND

Bolsa Familia Program benefits have undergone value adjustments and other changes following the introduction of new benefits in the years since the Program began in 2003. At the Program's initial stage, only the 'basic benefit' existed, targeted at families in a situation of extreme poverty, as well as the variable benefit for families with children aged from 0 to 15 years old which were eligible to receive a maximum of three variable benefits. Since then the types and amounts of benefits have been expanded, as can be seen in Table 1 below.

**Table 1 - Evolution of the design and composition of BFP benefits (2003-2016)**

Date	Change	Benefits
October 2003	Creation of the BFP.	Basic (R\$ 50.00) - for families in situation of extreme poverty.
		Variable (R\$15.00) - up to three benefits for families with children up to 15 years; therefore, from R\$ 15.00 to R\$ 45.00.
December 2007	Creation of the variable benefit linked to the adolescent - Variable Youth Benefit (BVJ).	Basic (R\$ 58.00) - for families in situations of extreme poverty.
		Variable (R\$ 18.00) - up to three benefits for families with children up to 15 years; therefore, from R\$ 18.00 to R\$ 54.00.
		Youth Variable (R\$ 30.00) - up to two benefits for families with adolescents aged 16 and 17; therefore, from R\$ 30.00 to R\$ 60.00.
June 2011	Increase in the amount of variable benefits from 0 to 15 years granted per family - from 3 to 5.	Basic (R\$ 70.00) - for families in situations of extreme poverty.
		Variable (R\$ 32.00) - up to five benefits for families with children up to 15 years of age, pregnant or nursing women; therefore, with a variable value ranging from R\$ 32.00 to R\$ 160.00.
		Youth Variable (R\$ 38.00) - up to two benefits for families with adolescents of 16 and 17 years; therefore, from R\$ 38.00 to R\$ 76.00.

**June 2012**

Creation of the benefit to overcome extreme poverty (BSP).

Basic (R\$ 70.00) - for families in situations of extreme poverty.

Variable (R\$ 32.00) - up to five benefits for families with children up to 15 years of age, pregnant or nursing women; therefore, with a variable value ranging from R\$ 32.00 to R\$ 160.00.

Youth Variable (R\$ 38.00) - up to two benefits for families with adolescents of 16 and 17 years; therefore, from R\$ 38.00 to R\$ 76.00.

Benefit for Overcoming Extreme Poverty (BSP) - initially for families with members up to 6 years, then - at the beginning of 2013 - extended to all families who remain in extreme poverty, even when receiving the other BFP benefits (Value: Variable, from R\$2.00 to multiple value of two required for the family's income to exceed the Extreme Poverty line).

At the end of 2007 the value of the benefit, together with the poverty line, were both adjusted. The Variable Benefit Linked to Adolescents, known as the Variable Youth Benefit (BVJ), was created at the same time. This new benefit requires a minimum attendance at school of 75% of any adolescents aged 16 and 17- precisely the age at which school drop-out rates tend to increase.

The benefit and the eligibility line were adjusted again in 2011 and the number of possible variable benefits increased from 3 to 5. In the same year, variable benefits began to be awarded for pregnant and lactating women<sup>1</sup>.

In 2012, as part of the Brazil Without Poverty Plan, the Benefit for Overcoming Extreme Poverty (BSP) was created. The BSP was initially targeted at extremely poor families with children from 0 to 6 years of age (i.e. priority given to families with individuals in the most vulnerable age group and with the highest incidence of extreme poverty). Subsequently, this benefit was extended families with children and adolescents up to 15 years old. Finally, in February 2013, the BSP was granted to all families that remained in extreme poverty despite their receiving benefits from the Bolsa Familia Program as well. The creation of the BSP benefit ensured that all beneficiary families had an income above the extreme poverty line.

Table 2 shows the evolution of the adjustments, as well as the expansion of the variable benefits and the creation of benefits for overcoming poverty, with details of all variations possible. After the readjustment in June 2016 the variable benefits received by each family could in theory reach R\$372.00, depending on the income and composition of the particular family, and supplemented, wherever necessary, by the BSP benefit if the per capita income of the family was still below R\$ 85.00 (2016).

<sup>1</sup> Pregnant women receive nine monthly installments of variable benefit, nursing mothers receive six monthly installments of the same benefit.

**Table 2 Adjustments to the value of the benefits of the Bolsa Familia Program (2003 to 2016)**

Date of readjustment	Basic		Variable		Linked to Youth (BVJ)		Overcoming Extreme Poverty (BSP)	Value per family of variable benefits (R\$)
	R\$	N	R\$	N	R\$	N	R\$	
October 2003	50	1	15	3	-	-	-	From 15 to 95
July 2007	58	1	18	3	-	-	-	18 to 112
December 2007	58	1	18	3	30	2	-	18 to 172
June 2008	62	1	20	3	30	2	-	20 to 182
July 2009	68	1	22	3	33	2	-	From 22 to 200
March 2011	70	1	32	3	38	2	-	32 to 242
June 2012	70	1	32	5	38	2	From	32 to 306 + BSP
April 2014	77	1	35	5	42	2	From	35 to 342 + BSP
June 2016	85	1	39	5	46	2	From	From 39 to 372 + BSP

The Brazil Without Poverty Plan led to a considerable increase in the value of Bolsa Familia benefits. The amount of variable benefits per family increased, and the variable benefit to pregnant women and nursing mothers was introduced. The benefit aimed at overcoming extreme poverty was also introduced. These initiatives, combined with the various adjustments, led to an increase in the nominal average value of the BFP benefit to R\$ 182.62 in August 2016.

## 2. PRESENT COMPOSITION OF THE BOLSA FAMILIA BENEFIT

As the BFP progressed, a more complex and detailed design began to be implemented. Figure 1 demonstrates the types of benefits which now form part of the Bolsa Familia Program. The Basic Benefit is granted to all families living in extreme poverty. Meanwhile, the Variable Benefit (BFA) is granted for each member in the 0 to 15 years age group, and to pregnant or nursing women, limited to up to five benefits per family. The Youth Benefit (BVJ) is granted to members of the 16 and 17 age group, with a limit of up to two benefits per family. The Benefit for Overcoming Extreme Poverty (BSP) is granted only to families living in extreme poverty as a complement to the other benefits already received. This benefit is considered to be a per capita amount that is needed for a family to live above the extreme poverty line.

The amount of monthly benefit for a family is defined according to the income declared in the Unified Registry (CadÚnico), the age group of family members and the number of persons in the family. Families with lower incomes containing more family members receive other types of benefits, which results in the families receiving higher monthly amounts. While the value of family benefit varies according to the family's situation it is always aimed at increasing a family's income to enable it to overcome poverty and extreme poverty.

**Figure 1 Composition of Bolsa Familia benefits in 2016**



Figure 2 illustrates a possible combination of Bolsa Familia benefits in 2017 for a family of five: two adults including one pregnant woman, two children under the age of 15, and one 17-year-old.

The family has a monthly income of R\$31.00, signifying a per capita income of R\$ 6.20 (placing the family in the extremely poor category). With this profile, the family will have: 1) the basic benefit of R\$ 85.00; 2) three variable benefits (R\$ 117.00) to take account of two children and one pregnant woman, and; 3) a Variable Youth Benefit of R\$ 46.00. The Bolsa Familia benefits add up to a total of R\$ 248.00. Together with the family income (R\$ 31.00), this gives a total income of R\$ 279.00.

It can be seen that, even with benefits and regardless of the BSP, this family would have a per capita monthly income of only R\$ 55.80 - in effect below the extreme poverty line (R\$ 85.00 per capita). To receive an income above the extreme poverty line, the family would need a R\$ 29.21 (R\$ 85.01 - R\$ 55.80) increase per capita. Given that the family contains five members, it would need to receive a BSP of R\$146.05. The BSP should be rounded to the first multiple value of 2 above the required complementary amount. This makes it possible to receive the benefit in Brazilian currency, since the smallest bill circulating in the country is of two “reais”, which facilitates withdrawal of the money from an ATM. It follows that the amount of R\$ 146.05 will need to be rounded up to R\$ 147.00, resulting in a Bolsa Familia benefit for the family of R\$ 395. Added to the R\$ 31.00 family income, the final total is R\$ 426.00, representing a per capita income of R\$ 85.20, which effectively places the family above the extreme poverty line.

**Figure 2 Example of composition of Bolsa Familia Benefit: family with five members living in extreme poverty in 2016.**

