

Extending the Child Support Grant to youth aged 21 years in education or training

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Today, South Africa's social protection programme is one of the most inclusive and progressive in the developing world: it has a proven positive effect on beneficiaries, its pay point delivery technology is exemplary, and other developing countries look to it as a model. While there is progress in addressing challenges facing children, the elderly and people living with disabilities, the social assistance programme still does not address poverty and unemployment among adults. The focus of this proposal is on youth who have exited the grant system but are still in education or training.

Poverty and high levels of unemployment continue to impact negatively on young people's development and life chances. Youth unemployment in the country rose between 2008 and 2015, and stood at 37.5% for 15 – 34 year olds in July 2016 – double that of adults aged 35 – 64 years.¹ Many young people live in poverty, with almost two-thirds of young people aged 15 – 24 years living in households with a monthly expenditure of less than R1,200.²

Furthermore, although school attendance rates are high at primary and early secondary school, secondary level completion rates are relatively low. A study on progress at school in South Africa found that despite improvements in enrolment since the 1990s, only 44% of young adults aged 21 – 29 years had matriculated, and fewer than half had matriculated on time.³ Completing matric and post-secondary education has a positive effect on young people's chances of employment and their earning potential, but many youth are not able to access these opportunities. In 2015, 55% of young people who were unemployed had less than matric; another 36% had only matric. Levels of education were also low amongst the employed: 45% had less than matric, and 37% had only matric.⁴

Given the high unemployment levels in South Africa and the view that a significant proportion of unemployment is due to inadequately or inappropriately skilled work seekers, government has initiated programmes to support skills development and labour market participation amongst youth. For example, a considerable amount of effort and resources have been invested in the Sector Education and Training Authorities (SETAs) to support skills training. Public employment programmes such as the Expanded Public Works Programme provide work opportunities for the unemployed, but have a relatively limited reach.⁵ The potential impact of the youth wage subsidy endorsed by National Treasury is yet to be realised by many youth.⁶ These programmes are intended to build capabilities that enable people to participate in the labour market but do not necessarily perform a social security function.

The proposal presented here is neither a skills development programme nor job creation programme, but instead it is a social assistance initiative. It intends to provide previous CSG beneficiaries with continued income support to assist them to complete their education or access skills development programmes. It should

be viewed as a continuation of the investment that government has made in these young people through the CSG and other programmes.

Given the challenges in both the education system and labour market, it is clear that no single intervention will address the multiple challenges facing young people in South Africa. A range of diverse support mechanisms and policies is required to link young people to educational and work opportunities, and to enable them to participate actively in the economy and society (see box 10 on p. 89). This proposal outlines one possible intervention to support young people who are still in education or training.

Policy rationale

The current CSG is well targeted as it reaches the majority of children from impoverished backgrounds. Both the CSG and Foster Child Grant (FCG) provide income assistance to caregivers caring for children, yet they operate differently. The FCG is only terminated in December of the year the child turns 18, and if the child is still in education or training, then the foster parent can apply to continue receiving the grant until their child turns 21. The CSG, however, is terminated abruptly in the month that the child turns 18, with no consideration of the child's educational status.

This results in a sudden loss of financial assistance as there are no grants for young people after they turn 18 (unless they are eligible for a Disability Grant). It is expected that young people will find work or study further, but a large proportion of young people are unable to do either – almost a third (31%) of youth aged 15 – 24 years are not in employment, education or training.⁷ Many young people are excluded from unemployment insurance and formal social insurance because of high levels of unemployment and informal employment. The implication is that the inadequate social security coverage for young people often creates a disruption in the financial stability of households, especially if the youth is still attending school.⁸

This intervention aims to address this social security gap by extending CSG to youth aged 18 – 21 in education and training. An intervention of this nature will provide a measure of financial support to help young people complete their schooling and possibly apply for college or university. This investment in education or training should support efforts to address the social inclusion and integration of youth, and enhance both economic and social participation of youth by assisting them while they complete their education. The proposal has the potential to further reduce poverty, tackle vulnerability, build human capital and promote more developmental outcomes in poor households with children and youth. Finally, it is argued that although the proposal covers only a certain segment of young people, its addition has the potential to contribute to long-term economic and social development. It will

help to capitalise on the positive educational effects of the CSG, although all of these potential impacts may be limited by the quality of education and training that young people are able to access, and the availability of employment and economic opportunities.

Policy proposal

The intervention seeks to provide social assistance to youth 18 – 21 who have exited the CSG and to bring the grant in line with the FCG by allowing the CSG to be paid to caregivers until the end of the calendar year in which the beneficiaries attain the age of 18 years; and enabling primary caregivers to apply to extend the payments until beneficiaries turn 21, provided they are in some form of education or training.

The right to social security – and social assistance if needed – is firmly embedded in our Constitution. This proposal is in line with this constitutional right, as it attempts to protect youth from low-income households who have exited the social grant system by providing social assistance while they complete their education or training. The proposal is based on the notion that limited access to education, training and skills development programmes contributes to the economic marginalisation of poor youth and high youth unemployment.

When designing a programme, policymakers are often faced with a decision on how best to target interventions, given the limited budget for social protection. With the challenges facing

young people and in these times of global economic downturn, South Africa needs a cohesive social security intervention that tackles youth poverty. However, given current fiscal constraints, this proposal should be considered as a step towards a more comprehensive social security package.

The premise of the proposed policy is that post-CSG beneficiaries are vulnerable and are currently treated differently from youth of the same age receiving foster child grant post 18 years of age. Due to graduating to adult status, their parents (or caregivers) no longer have a common law duty of support towards them, and they are generally too young to have gained sufficient experience and skills to compete effectively with more experienced adults in a limited labour market. This leaves them particularly vulnerable in an economy that distributes goods and services mainly through the labour market.

Potential concerns

Because this proposal is an extension of the CSG, it is likely that the same anecdotal arguments of perverse incentives and sustainability of the programme that have repeatedly surfaced against the current CSG will be raised. Some might even argue that the funds could be better spent elsewhere to achieve government's objective of reducing youth unemployment and poverty. Youth unemployment is a complex issue that requires a range of interventions supported by various government departments, civil society and the private

Box 10: Towards more integrated support for youth transitions

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While the proposed extension of the CSG may place some funds into the hands of young people additional support is needed at both national and local level to smooth their journey into further education, training and employment. For example, post-CSG beneficiaries automatically qualify for the National Student Financial Aid Scheme enabling access to further and higher education. Similarly, if a transport subsidy for work seekers ever becomes a reality, then post-CSG beneficiaries should automatically qualify.

At the local level, young people need support to stay in school and complete matric, or be routed efficiently into the Technical Vocational Education and Training system. Peer support and tutoring programmes, such as *Ikamva Youth*,⁹ have been shown to be successful and are easy to replicate. Similar support programmes are needed to improve retention and graduation rates amongst college and university students.¹⁰

Education does not necessarily translate into employment for poor young people, so there is also a need for local employment activation interventions that enable young people to access the labour market. These should include employment services such as low cost or free internet and printing services to alleviate work-seeking costs; and job-search and work-readiness skills programmes. The success of the *Harambee Youth Employment Accelerator* demonstrates how short-term

bridging programmes can assist young people to find their first job. Employment activation interventions should also include skills training programmes such as learnerships and skills programmes that provide a mix of training and work experience. Entrepreneurship promotion programmes such as the *Raymond Ackerman Academy* are other important services. A range of civil society and private sector organisations currently offer such programmes and partnerships with local Labour Centres or local municipality Youth Desks could help widen the reach of existing programmes. In addition, these youth centres could provide information about post-secondary education and training opportunities and how to access them.

Finally, at the national level it is important to consider initiatives that stimulate demand for young workers, including public works programmes, and the employment tax incentive. Other programmes such as a youth opportunity wage, in the context of a national minimum wage may need to be considered if we are to prevent young people from being negatively affected by labour market regulations.¹¹

In sum, a cash transfer alone will not ease the challenges faced by youth as they transition to adulthood. Rather a comprehensive set of interventions that maximise available services through better coordination and articulation, and ensure they reach post-CSG beneficiaries, is required.

sector. This proposal is not intended to solve the issue of youth unemployment, but would provide a measure of income support that would help youth to complete their education or training. Furthermore, the issue of sustainability of the programme has to be weighed against the current cost of youth unemployment and poverty.

Implementation

The continued payment of the CSG to persons 18 – 21 years in education and training is likely to be phased-in from one financial year to the next, until all ages are covered. Although a final policy position has yet to be determined, this intervention would not be a new grant but would build on the existing CSG. However, on attaining the age of 18, the primary caregiver would have to apply for the extension and prove that the beneficiary is still in school or in some form of education or training. This proposal can be put into effect by an amendment to the Social Assistance Act.

References

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- 4 Statistics South Africa (2015) *National and Provincial Labour Market: Youth Q1: 2008–Q1: 2015. Statistical release P0211.4.2*. Pretoria: Stats SA.
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- 7 See no. 1 above.
- 8 See no. 2 above.
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Cost implications

Only youth in some form of education or training and who meet the current CSG means test criteria would be eligible. According to the 2015 General Household Survey, some 750,000 – 800,000 youths between the ages of 18 – 21 would qualify. This would potentially cost the State some R3.35 billion per annum on full implementation.

Conclusion

The value of extending the CSG to older beneficiaries in education and training cannot be overemphasised. Although social assistance measures cannot solve the unemployment problem; they can play a role in supporting vulnerable young people in low-income households to complete their education and thereby potentially increase their employment chances and earning potential. The Department of Social Development is still exploring options for improved social security for young people, and is conducting further research in consultation with various stakeholders.