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Letshego Mancoe[*], Eleni Yitbarek [†], Yoseph Getachew [‡]

Abstract

The paper examines how Black Tax is associated with intergenerational educational mobility in South Africa. We use the National Income Dynamics Study and measure Black Tax as the share of annual household income remitted to extended family members. Upward mobility is defined as completing secondary school when one's parents did not. Our results show a non-linear relationship. At low and moderate levels of Black tax, Black Tax is positively associated with upward mobility. This pattern is consistent with inter-household transfers acting as informal insurance and family support within kinship networks. At higher levels, the association turns negative, suggesting that larger obligations may limit resources available for children's education. The turning point is lower among poorer households, especially Black South African households in the bottom 40% of the income distribution. These findings show that Black Tax can support or constrain educational mobility across generations, depending on the size of the obligation.

Keywords: Intergenerational Mobility, Education and Inequality, Race, South Africa
JEL Classification: I22, I24, J16, J15, O55

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1 Introduction

Private financial support within families remains an important source of social protection despite South Africa's social grant system. In 2024, approximately 40% of South Africa's population and 50% of households benefited from at least one social grant (StatsSA, 2025). However, South Africa's high inequality, poverty, unemployment, and other economic constraints mean many households continue to rely on private transfers from family members to meet basic needs. Family networks, therefore, complement formal social protection by redistributing financial resources across households (Phaswana & Willows, 2026; Ssebagala, 2021). In South Africa, these financial obligations are commonly referred to as Black Tax. These transfers can provide support to vulnerable recipient households. However, they may also place financial pressure on donor households by reducing the resources available for savings, investment, and children's education. This may create a potential trade-off between supporting extended family and investing in the next generation.

This paper examines the association between intergenerational educational mobility and Black Tax in South Africa. We consider two measures that capture different dimensions of intergenerational mobility. We first examine whether Black Tax moderates the relationship between parents' and children's years of schooling. This captures whether remittance obligations weaken or strengthen the transmission of educational advantage across generations. Second, we examine the association between Black Tax and upward educational mobility to capture the probability that children move beyond their parents' educational attainment in the presence of Black Tax.

These measures capture different dimensions of intergenerational mobility. The distinction is important because weaker intergenerational educational persistence does not necessarily imply upward progress. From a policy perspective, it is also interesting and important to examine whether weaker dependence on parental education also translates into children reaching a higher educational threshold. We therefore hypothesise that Black Tax weakens the intergenerational transmission of educational advantage as remittance obligations increase. We also hypothisise that the relationship between Black Tax and upward intergenerational educational mobility is non-linear. At low or moderate levels, Black Tax may not hinder upward mobility. However, at higher levels, it may become a constraint.

The recent debate in the literature centres on whether Black Tax should be understood as an informal tax or as informal social protection. Black Tax broadly refers to financial support

provided to less advantaged extended family members, often by individuals who have become educated, employed, or financially stable (Boima & Oyedemi, 2024; Carpenter & Phaswana, 2021; Mangoma & Wilson-Prangley, 2019; Montle, 2020). The term reflects South Africa's history of racial inequality and the financial obligations that have been prominent among Black South African families. However, these forms of inter-household support are not exclusive to Black households and are also observed among other racial groups.

Examining this relationship matters because Black Tax is double-sided. On the one hand, transfers to extended family can provide informal social protection. These transfers help the less advantaged relatives respond to shocks such as unemployment and illness, and assist with immediate needs such as school fees, food, clothing, and other shocks, especially where formal insurance, credit markets, and public support are limited (Cox & Fafchamps, 2007; Grimm et al., 2021; Lucas & Stark, 1985; Ssebagala, 2021). On the other hand, these financial obligations can be costly for donor households, particularly when they absorb a large share of household income. For instance, large remittance obligations may reduce savings and divert resources away from children's education for low-income households who are already resource-constrained (Boltz et al., 2019; Di Falco & Bulte, 2011; Grimm et al., 2017; Posel, 2001; Squires, 2024).

The literature shows that inter-household transfers are motivated by various reasons. Financial and in-kind transfers may reflect altruism, insurance, reciprocity or social pressure (Cox, 1987; Cox & Fafchamps, 2007; Lucas & Stark, 1985). Recent studies also show that when the pressure to share household resources is strong, kinship obligations may limit savings and investment (Boltz et al., 2019; Di Falco & Bulte, 2011; Grimm et al., 2017; Jakiela & Ozier, 2016; Squires, 2024). In South Africa, this debate is closely related to Black Tax. Ssebagala (2021) shows that kinship transfers help fill gaps in the welfare system, while Posel (2001) shows that remittances may compete with the needs of children in the sender's household. Existing studies on Black Tax also show that these kinship obligations are shaped by ideas of shared humanity, family responsibility, and South Africa's history of racial inequality (Carpenter & Phaswana, 2021; Mangoma & Wilson-Prangley, 2019; Mhlongo, 2019; Montle, 2020; Phaswana & Willows, 2026). It is therefore important to examine the relationship between Black Tax and intergenerational educational mobility, because children's educational progress may depend not only on household income, but also on how much of that income remains available.

This paper contributes to the literature in two ways. First, it introduces Black Tax as a

mechanism through which intergenerational educational mobility may be shaped. Existing studies show that intergenerational educational mobility in Africa varies with parental background, gender, race, geography, household bargaining, and historical institutions (Alesina et al., 2021; Asiedu et al., 2021; Azomahou & Yitbarek, 2016; Funjika & Getachew, 2022). We contribute to this literature by exploring a new mechanism, whether families redistributing household resources to support the extended family may shape intergenerational educational mobility. In the South African context, children's outcomes may depend not only on parental background, but also on how much of the household income is shared outside the nuclear household.

Second, this paper bridges the literature on Intergenerational educational mobility and the Black Tax. The two strands are usually studied separately. The intergenerational mobility literature focuses on the transmission of educational advantage across generations, while the Black Tax literature focuses on family support, informal insurance, financial pressure, savings, investment, and the experiences of donor and recipient households. We bring these strands together by examining whether financial obligations to support extended family are associated with children's ability to surpass their parents' educational attainment. We show that Black Tax may have implications not only for current household welfare, but for educational mobility across generations.

We use the National Income Dynamics Study (NIDS), a nationally representative panel survey conducted by the Southern Africa Labour and Development Research Unit (SALDRU), to examine whether Black Tax is associated with intergenerational educational mobility. The analysis uses two measures of intergenerational educational mobility. First, we examine intergenerational educational persistence by estimating the relationship between parents' and children's years of schooling and whether this relationship changes with Black Tax. Second, we examine upward educational mobility, defined as an indicator equal to one if a child completes secondary education when their parent has not, and zero otherwise. Furthermore, we define Black Tax as the share of household income remitted to extended family members.

For the intergenerational persistence analysis, we use ordinary least squares, with children's years of schooling as the outcome. We then interact parental education with Black Tax to examine whether Black Tax strengthens or weakens the relationship between parental and children's education. For the upward mobility analysis, we estimate linear probability models with upward mobility as the outcome. Then we include both Black Tax and its squared term to test whether the relationship is non-linear.

The results show a clear inverse-U-shaped relationship. At lower levels of Black Tax, remittance obligations are associated with a higher probability of upward educational mobility. However, this positive association weakens as the share of household income remitted to extended kin increases, and eventually turns negative, suggesting a non-linear relationship. This finding suggests that Black Tax may provide informal social protection to the vulnerable recipient households when financial obligations are manageable. However, it may be associated with a reduced likelihood that the next generation will surpass their parents' educational attainment when obligations are too large.

Furthermore, in the full sample, the relationship between Black Tax and intergenerational educational mobility reaches its maximum when households remit approximately 39% of their income, after which the association begin to decline. The heterogeneity results show that the turning point occurs earlier among economically constrained households. For households in the bottom 40% of the income distribution, the estimated turning point falls to approximately 28%, while for Black South African households in the bottom 40% it is approximately 27.6%. These results suggest that relatively high remittance obligations may become restrictive at lower income shares among households with fewer economic resources.

The paper proceeds as follows: Section 2 discusses the existing literature on intergenerational educational mobility and the socioeconomic implications of Black Tax. Section 3 describes the data used and provides descriptive statistics and descriptive evidence. Section 4 discusses the empirical technique used to assess the association between intergenerational educational mobility and Black Tax. Section 5 presents the baseline empirical findings and the heterogeneity analysis to highlight important patterns in the data. Finally, Section 6 concludes.

2 Literature Review

This paper relates to three strands of literature that are usually discussed separately. The first strand focuses on intergenerational educational mobility in Africa and in South Africa. The second examines private transfers, remittances, informal insurance, and kinship taxation. The third focuses on Black Tax in South Africa. The present study brings these standpoints together in the literature by asking whether financial obligations to extended family members are associated with children's ability to surpass their parents' educational attainment.

The first strand studies the extent to which children's education depends on their parents' education. In standard models of intergenerational mobility, parental education, income, and wealth affect children's human capital accumulation through investments in schooling, health, and other inputs. A strong relationship between parents' and children's education suggests persistence, while a weaker relationship suggests more mobility. This distinction is important because education remains one of the main ways through which inequality is transmitted across generations.

A growing body of literature studies intergenerational educational mobility in Africa. Alesina et al. (2021) document large differences in educational mobility across African countries, regions, religion, gender, and rural-urban location. Azomahou and Yitbarek (2021) show that parental education remains a strong determinant of children's education. However, the strength of this relationship varies across countries, cohorts, and by gender. Razzu and Wambile (2022) examine mobility over several decades in Sub-Saharan Africa. They show that parental education is a strong determinant of children's educational outcomes; however, the strength of this relationship has diminished over time and varies across countries and by gender. Dendir (2023) also shows that educational mobility is uneven across gender and cohorts. Van der Weide et al. (2021) provide a global perspective and show that mobility is lower in developing countries than in developed countries, with higher tax revenues, higher government expenditure rates, better child health indicators, higher school quality, and less residential segregation. Funjika and Getachew (2022) add that colonial origin and ethnicity also shape mobility in Africa.

South Africa has a more developed literature on intergenerational educational mobility. Thomas (1996) shows that educational attainment rose substantially for Black and Asian South Africans during the second half of the twentieth century. However, the least educated Black South Africans benefited less from this educational expansion. Louw et al. (2007) use census data and find that parental education remains important for children's educational outcomes, even though younger cohorts have made educational gains. Nimubona and Vencatachellum (2007) find that White South Africans have higher intergenerational educational mobility than Black South Africans, and that mobility among Black South Africans differs by gender and income. Similar to the literature reviewed above, Finn et al. (2016), Magejo et al. (2014), and Rhodes (2019) also show that parental education continues to matter in South Africa. However, the strength of persistence differs across cohorts, samples, and race groups.

The second strand of the literature focuses on private transfers, remittances, and informal insurance. This literature shows that inter-household transfers are common in developing countries and are motivated by various reasons. Cox (1987) shows that private transfers may be motivated not only by altruism, but also by exchange and reciprocal obligations. This is relevant to the Black Tax literature, in which financial support to extended family may reflect care, social and cultural expectations, and repayment for past support. Lucas and Stark (1985) argue that remittances may reflect "tempered altruism" or "enlightened self-interest". Cox and Fafchamps (2007) show that extended families and kinship networks provide informal insurance, loans, support for migration, childcare, and assistance during shocks. South African evidence shows that kinship transfers play an important role in welfare. Ssebagala (2021) uses NIDS data to study transfers between family members living in separate households. He shows that these transfers respond to income and vulnerability and help fill gaps in social protection.

The literature on kinship taxation and forced solidarity shows that sharing obligations can reduce savings, investment and accumulation. Di Falco and Bulte (2011) find that kinship obligations in KwaZulu-Natal are associated with lower liquid savings and different asset choices. Baland et al. (2011) show that some individuals in Cameroon borrow even when they have savings to appear poor and avoid demands from kin. Jakiela and Ozier (2016) show that women in rural Kenya reduce expected earnings when income is observable, especially when relatives are present. In their recent study, Boltz et al. (2019) estimate a social tax in urban Senegal and show that people reduce the money they transfer to extended family members when they can privately receive income. Grimm et al. (2017) and Squires (2024) also show that forced solidarity and kinship taxation can reduce investment among small entrepreneurs.

These studies are important for the present study as they show that family obligations can provide insurance while also limiting accumulation. If a large share of income is transferred to the extended family, the donor household may have fewer resources for savings, assets, and children's human capital. Posel (2001) provides evidence for South Africa for this trade-off. The study examines remittances in KwaZulu-Natal from the donor household's perspective and shows that remittances are shaped by competing obligations. The study also shows that remittance outflows are lower when the donor's household includes children, especially school-going children. This may suggest that support to extended kin may compete with resources needed by children in the donor household.

The third strand of the literature focuses on Black Tax in South Africa and shows that it is not only an economic transfer but also a social and historical obligation. Mangoma and Wilson-Prangley (2019) show that Black Tax is common among the emerging Black middle class and often supports general household spending, education, and other family needs. Carpenter and Phaswana (2021) discuss Black Tax as a financial burden that many Black South Africans bear to support their direct and extended family members. Mhlongo (2019), Montle (2020), and Oppel (2023) show that Black Tax cannot be separated from South Africa's history of racial inequality, coloniality, and family obligation. Phaswana and Willows (2026) show that financial support to family members is shaped by Ubuntu, collectivism, poverty, inequality, and inadequate state support.

The present study builds on the intergenerational educational mobility literature by introducing a different mechanism. Existing work in South Africa mainly focuses on parental education, household background, gender and racial dynamics, and broader structural inequalities. These factors are important; however, they do not capture other important contexts of the South African household. In many families, resources do not remain within the nuclear household alone. They are redistributed across households through kinship networks. Children's educational outcomes may therefore not only be shaped by the resources available in a household, but also by the share of the resources that must be transferred to kinship networks.

At the same time, the Black Tax literature does not connect the financial obligations to intergenerational mobility. Most studies focus on financial well-being, lived experiences, cultural or household support, the positive impact on the recipient household, or the negative impact on the donor household. This paper, therefore, bridges the gap between the two and asks whether the share of household income remitted to extended family members is associated with children's ability to complete secondary schooling when their parents did not.

3 Data

3.1 Data Description

This study uses the National Income Dynamics Study (NIDS), collected by the Southern Africa Labour and Development Research Unit (SALDRU) over five waves from 2008 to 2017. NIDS is a nationally representative longitudinal survey that follows individuals and households over time. It contains detailed information on income, education, cash and in-kind inter-household transfers, and demographic characteristics. This makes it well-suited to studying intergenerational educational mobility and Black Tax in South Africa. The data are publicly available and provide key socioeconomic variables necessary for this analysis.

The analysis sample is constructed by linking individuals across the five waves and following their transition from childhood to adulthood. Children younger than 15 years were interviewed through the Child module, while individuals aged 15 and older were interviewed through the Adult module. In Wave 1, 9605 children aged 0-15 years were surveyed. By Wave 5, 5254 of these individuals had moved into the Adult module, while some remained younger than 15.

For this study, the sample is restricted to individuals observed across all five waves, aged 19-27 in Wave 5, and who had reached the age at which secondary education is completed. The focus on individuals aged 19-27 is important because most young people have completed secondary school by age 18 and are either entering the labour market or continuing into higher education. Extending the upper age limit to 27 also allows the analysis to include individuals who may have taken longer to complete schooling due to grade repetition, financial constraints or other socioeconomic barriers. After applying these restrictions, the final sample consists of 3025 individuals. However, the estimation sample is smaller because information on parental and children's education and on the share of household income remitted is not available for all individuals in the sample. [1]

To construct the education variables, we combine information from the Adult and Individual-

[1] Of the 3025 children included in the sample, data for children's years of schooling is available for 3015 children. However, parental years of schooling are available only for 1982 individuals. The sample further decreases to 1975 for individuals with non-missing information for both children's and parents' education. Furthermore, Black Tax is available only for 2243 individuals. However, among those with non-missing education data, only 1889 individuals have non-missing Black Tax data. Therefore, the smaller estimation sample reflects missing parental education and Black Tax data.

Derived modules in NIDS. For parental education, we use the Adult module from Wave 1, which we merge with the Individual-Derived module from the same wave to obtain a more complete measure and reduce missing data. [2] For adult children, we take the same approach by merging the Adult module in Wave 5 with the Individual-Derived module in the same wave. We do not restrict the sample to children who reside with their parents. This is important because a co-resident sample would overrepresent adult children who still live in the parental household and exclude those who have already moved out (Azam & Bhatt, 2015; Azomahou & Yitbarek, 2021; Francesconi & Nicoletti, 2006). It would also substantially reduce the sample size. Using the full linked sample, therefore, provides a broader, more representative view of adult children's outcomes.

3.2 Descriptive Statistics

Table 1 presents the main sample characteristics used in the study, covering children, parents, and household-level characteristics. The sample is evenly split by gender, with males and females each accounting for 50%. This closely aligns with Stats SA's 2017 mid-year population estimates, which show that males accounted for 49% and females for about 51% (StatsSA, 2017). The majority of our sample is Black South Africans, who account for 82%. Coloured individuals make up 14%, while Indian/Asian and White South Africans account for 1% and 3%, respectively. This distribution is in line with Statistics South Africa's 2017 mid-year population estimates, which reported that Black South Africans made up 80.8% of the population, Coloured South Africans 8.8%, Indian/Asian 2.5%, and White South Africans 8% (StatsSA, 2017). Given the small number of Indian/Asian and White South Africans in the sample, these groups are combined into an "Other" category for the analysis.

The average age of adult children in the sample is 21 years. This captures an important stage in the transition to adulthood, when schooling outcomes are more likely to be established. Focusing on this age group reduces the risk of underestimating mobility, since younger individuals may still be in school and may not have completed secondary education yet.

Table 1 also reports the educational background of adult children and their parents, measured using the years of schooling corresponding to the highest grade completed by Wave 5. On

[2] Although we combine information from Wave 1 modules to reduce missing parental education data, we are still left with parental education data for only 1982 individuals, which accounts for the most reduction in observations in the estimation sample.

average, adult children have approximately 10 years of schooling, while parents have about 8 years. This points to some degree of upward educational mobility across generations. This pattern is consistent with previous studies that document intergenerational educational mobility in South Africa (Alesina et al., 2021; Azomahou & Yitbarek, 2021; Louw et al., 2007; Nimubona & Vencatachellum, 2007; Razzu & Wambile, 2022). The smaller sample sizes for mothers' and fathers' education are mainly due to missing information or respondents reporting that they do not know their parents' education levels. The sample size for fathers' education is particularly small, which likely reflects the high rate of father absenteeism in South Africa. This is also visible in the NIDS data, where only about 30% of fathers are resident in the household.

Turning to household characteristics, the average remittance outflows variable captures cash and in-kind transfers households send to their immediate and extended family members residing in separate households in South Africa. In-kind transfers include items such as clothing for adults and children, groceries, furniture, appliances, airtime, and medicine. We calculate average household remittance outflows across the five NIDS waves, covering the period from 2008 to 2017 [3]. This is important because household remittance obligations are unlikely to affect children's educational outcomes only in a single year. Instead, these obligations may accumulate over time and shape the resources available for education across several years. We therefore use the average remittance outflows across the five waves to capture longer-term exposure to remittance obligations, while recognising that this approach may lose information on the timing and frequency of transfers. On average, households remit R927.29 per year. In the sample, 2243 households participate in inter-household transfers.

[3]We average remittance outflows across the five waves to capture long-term exposure to remittance obligations. Educational outcomes develop over several years, and resources transferred out of the household over several years may reduce the resources available for children's education. However, averaging has some limitations. First, averaging may smooth large transfers. If a household sends a very large transfer in one wave and none in other waves, averaging across all five waves may dilute the large transfer which may understate the burden of the large temporary obligation. Second, averaging may mask the regular remittances that may place continues pressure on the households that remit frequently, while occasional remittances may reflect specific shocks. Third, averaging masks the timing of when transfers occur. A transfer made when the child is at a critical stage of schooling may matter more than the same transfer made at another point. These limitations may therefore reduce variation in the remittance measure and potentially weaken the estimated association with educational mobility. We therefore, interpret the measure capturing the average remittance burden over time rather than the size, frequency and timing of household transfers.

Table 1 – Descriptive Statistics

	Mean	SD	Min	Max	N
Children's Characteristics					
Gender^C (Male=1)	0.50	0.50	0	1	3025
Age	21.12	1.51	19	27	3025
Race:					
Black South African	0.82	0.39	0	1	3025
Coloured	0.14	0.35	0	1	3025
Other	0.04	0.20	0	1	3025
Years of Schl^C	10.31	2.21	0	15	3015
Parents Characteristics					
Years of Schl^P (Max)	7.77	4.09	0	15	1982
Years of Schl^M	7.27	4.12	0	15	1846
Years of Schl^F	7.39	4.33	0	15	825
Household Characteristics					
Average Remittance Outflows	927.29	3177.42	0	61000	2243
Black Tax	0.01	0.05	0	0.99	2243
Black Tax (Remitting Households Only)	0.06	0.09	0.0000657	0.99	526

Source: National Income Dynamic Study, Waves 1 - 5 (SALDRU, 2008, 2010, 2012, 2014, 2017)

Note: Black Tax represents the average share of household income remitted to extended kin. The second Black Tax measure represents a restricted subsample consisting only of households with positive remittance outflows.

Our variable of interest, Black Tax, is measured as the share of household income spent on remittances to support extended kin. The average household income variable is constructed

similarly to the average household remittance outflows variable, using data across the five waves. For the full sample, households remit, on average, 1% of their income. This average includes households with zero remittance outflows, meaning households that do not engage in inter-household transfers. Since only a small share of households in our sample sent remittances during this period, the full-sample average is low.

Among households with positive remittance outflows, the average remittance share is 6% of annual household income. While this may appear small, focusing only on the average masks important heterogeneity across households. Wealthier households may send larger absolute amounts, but these transfers may represent a smaller share of their income. In contrast, for poorer households, even small remittance transfers can absorb a meaningful share of total household income. These transfers may respond to shocks, such as unemployment, illness, or urgent family needs, rather than occurring as a fixed monthly payment. For this reason, average remittances should not be interpreted as necessarily small or insignificant. Small increases in Black Tax can still put pressure on household budgets, reduce savings, and limit resources available for children's education.

Figure 1 – Distribution of Parental and Child Years of Schooling by Race Group.

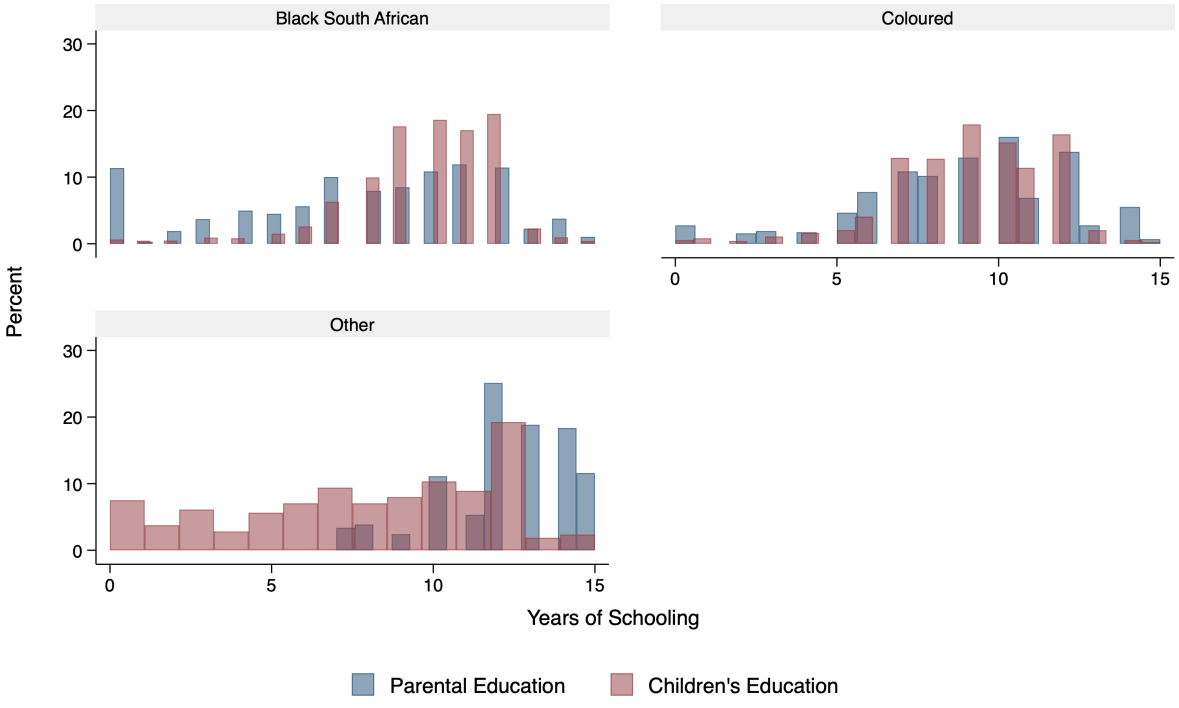


Figure 1 shows the distribution of years of schooling for parents and children by race. The

first clear pattern is that, across all groups, adult children attain more years of schooling than their parents. This is evident in the left-skewed distribution and in line with the descriptive statistics in Table 1, suggesting that adult children attain higher levels of education than their parents.

The second clear pattern is that racial differences persist. Among Black South Africans, parental education is concentrated at lower levels, while children's education is more concentrated around secondary schooling. This points to important educational gains across generations. For the Coloured group, both parents and children are concentrated at higher levels of schooling. However, children still do better than their parents on average. For the Other group, parental education is concentrated at high levels, while children's education is more dispersed across the schooling distribution. This suggests that Indians, Asians and White South Africans start from a high parental base, leaving less room for upward mobility.

Figure 2 – Average Household Remittance Outflows by Parental Education.

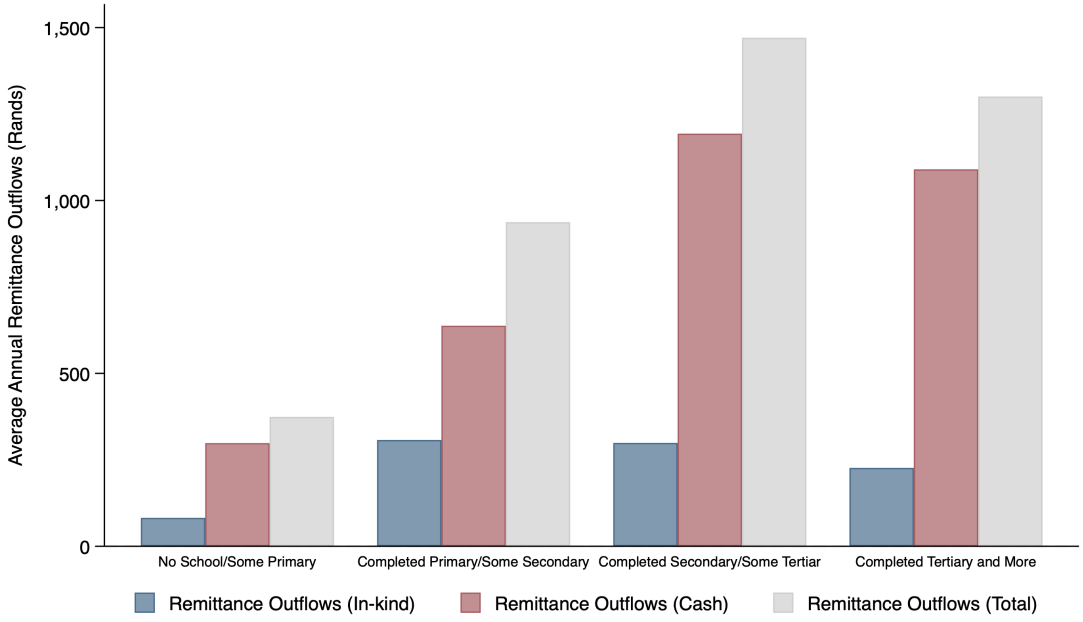


Figure 2 presents average annual household remittance outflows by parental education between 2008 and 2017. This figure shows that average household remittance outflows increase with parental education. Households in which parents have completed secondary schooling and some tertiary education, as well as those with completed tertiary education or more, remit substantially higher amounts than households with lower levels of education, on av-

erage. This pattern is consistent with the well-established literature on the link between education, access to skilled employment, and higher earnings. This suggests that households with higher education and thus higher earnings have a greater capacity to participate in inter-household transfers. However, outflows alone do not capture the economic burden imposed by resource redistribution. The economic burden depends on the size of the transfers relative to household income, as explored in Figure 3.

Figure 3 – Share of Household Income Remitted by Income Group.

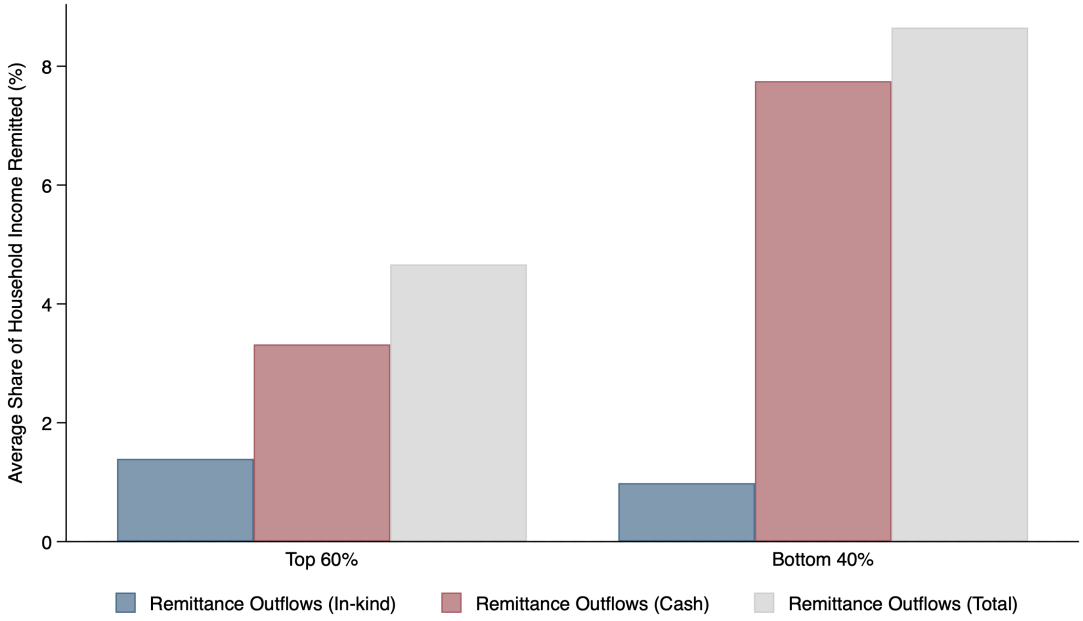
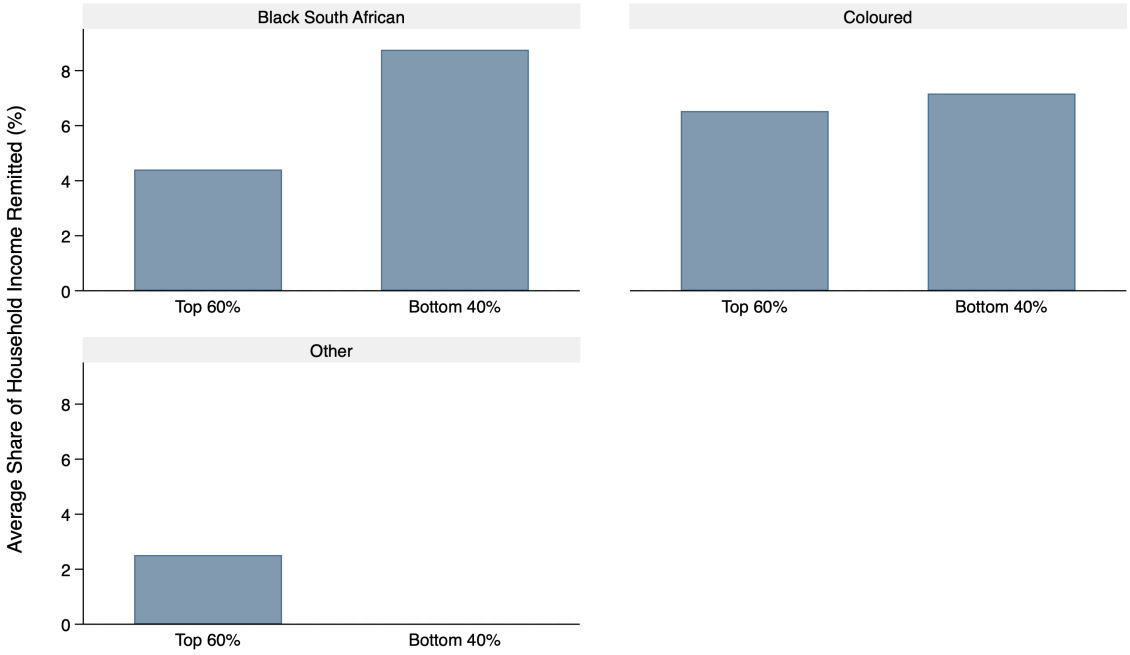


Figure 3 represents the average share of household income remitted, disaggregated by income group (bottom 40% and top 60%). The bottom 40% of households in the income distribution remit a much larger share of household income than the top 60% across in-kind, cash, and total remittances. Although wealthier households remit higher absolute amounts, as illustrated in Figure 2, remittances constitute a smaller share of their income than those of the poorer households.

A high remittance share among low-income households is likely to divert resources that could be devoted to children's human capital, including education expenses, educational material, transportation to schooling, and tutoring, to supporting the extended family. While black tax might coexist with investments in children's human capital at low or moderate levels of black tax, larger shares of income redistributed to the less privileged family members may

constrain investments in children, weakening the probability of upward mobility, especially for households at the bottom 40% of the income distribution.

Figure 4 – Share of Household Income Remitted by Race Group.



It is crucial to consider whether this pattern varies across race groups, given South Africa's racial inequality history. Figure 4 shows the average share of household income remitted by income group and race. We see a clear racial pattern. Black South African households redistribute a higher share of their income than other racial groups. The highest shares are observed among households in the bottom 40% of the income distribution. Coloured households remit moderate shares of their income, while Indian, Asian, and White South African households remit lower shares. These patterns reflect reliance on family support networks, especially among the Black South African households at the lower end of the income distribution, which is a result of South Africa's historical inequalities.

4 Methodology

Section 4 describes the empirical approach used in this study. We begin by examining whether Black Tax is associated with intergenerational educational persistence. Intergenerational persistence captures the strength of the relationship between parents' and children's

education. It shows the extent to which children's educational outcomes remain tied to parental background. However, a weaker relationship does not necessarily imply that children are moving upward, meaning that a weaker relationship does not show whether children attain more education than their parents.

We therefore then turn to upward educational mobility, which captures whether children make make meaningful educational progress beyond their parents. It measures the probability that children from less-educated backgrounds complete secondary schooling when their parents did not. We mainly focus on whether this relationship is non-linear and whether there is a point at which higher remittance obligations begin to reduce the likelihood of upward mobility. The two measures therefore, capture different dimensions of intergenerational educational mobility but are complementary.

4.1 Intergenerational Educational Persistence

Our baseline regression in Equation 1 examines the association between parents' and children's years of schooling. For both generations, years of schooling are measured as the number of years associated with the highest grade completed. In the intergenerational mobility literature, parental education is measured in different ways. Existing studies either use the average years of schooling of both parents, the highest level of education completed by either parent, the household head's highest level of education, or the father's highest level of education in contexts where women historically had lower educational attainment. Following Behrman and Rosenzweig (2005) and Funjika and Getachew (2022), we use the highest years of schooling completed by either the mother or father as the measure of parental education. We refer to this measure as the maximum number of years of schooling among parents.

The choice is important in the South African context. Father absenteeism is high in South Africa, which means that information on fathers' education is missing for many children. Using the average years of schooling of both parents would therefore understate parental education in single-headed households, since the parents' education is divided in half. The baseline model is specified as follows:

$$YoS_i^C = \beta_0 + \beta_1 YoS_i^P + \varepsilon_i \tag{1}$$

where YoS_i^C and YoS_i^P denote the years of schooling of the child and parents, respectively.

The subscript i refers to the individual observation. The coefficient β_1 captures intergenerational educational persistence. It shows how strongly tied children's educational outcomes are to their parents'. A lower estimate closer to zero suggests greater mobility, since children's schooling is less dependent on parental schooling. A higher estimate, closer to one, suggests stronger persistence and therefore lower intergenerational mobility. The term ε_i is the error term and captures unobserved factors that may also shape children's educational outcomes.

In Equation 2, we introduce Black Tax to the model to examine whether remittance obligations strengthen or weaken the relationship between parents' and children's years of schooling. The model is specified as follows:

$$YoS_i^C = \beta_0 + \beta_1 YoS_i^P + \beta_2 BlackTax_i + \beta_3 (YoS_i^P * BlackTax_i) + \beta X_i + \varepsilon_i \qquad (2)$$

where $BlackTax_i$ measures the share of household income remitted to extended kin. These remittances refer to regular financial transfers made by households to family members living in a separate household. Expressing remittance obligations as a share of household income allows us to capture the relative burden of these obligations, since the same absolute amounts may place different pressure on households with different income levels. The term $(YoS_i^P * BlackTax_i)$ captures the interaction between parental years of schooling and Black Tax. This allows us to examine whether remittance obligations change the strength of the relationship between parents' and children's schooling. X_i includes additional controls, such as the adult child's race, gender, and age. The error term, ε_i, captures unobserved factors that may also affect children's educational outcomes.

Furthermore, β_2 captures the association between financial obligations to extended kin and children's years of schooling. As remittances take up a larger share of household income, children's schooling may still increase if these obligations are mainly observed among households with higher education and higher income. These households may be better able to invest in their children's human capital, even while supporting extended family members.

Additionally, we re-estimate equation 2 using mean-centred measures of parental education and Black Tax to improve the interpretability of the coefficients. Each variable is centred by subtracting its sample mean from the original value, so that the new variable has a mean of zero. This approach gives the coefficients a more meaningful reference point. For example, β_1 can be interpreted as the association between parental and child education at the average

level of Black Tax. Similarly, β_2 captures the association between Black Tax and children's years of schooling at the average level of parental education. The coefficient of the interaction term, β_3, shows whether deviations from the average Black Tax obligations moderate the strength of the transmission of education across generations. We therefore report both the non-centred and the mean-centred results, but place greater emphasis on the latter.

4.2 Upward Educational Mobility

Section 4.2 turns to a threshold-based measure of intergenerational educational mobility. While Section 4.1 focused on whether Black Tax strengthens the relationship between parental and child education, it does not show whether children actually move beyond their parents' educational attainment, especially when households redistribute a portion of their income that could otherwise be devoted to investments in children's human capital accumulation. We therefore examine upward mobility as a complementary measure.

Because households that engage in inter-household transfers tend to have some level of education and higher income, as shown in Figure 2, they may be able to provide financial support to extended kin while continuing to invest in their children's education. In this case, Black Tax may have little or no negative effect on upward intergenerational educational mobility. However, this relationship may be non-linear. Beyond a certain point, the share of income devoted to supporting extended kin may begin to compete with education-related spending, reducing the likelihood that children move beyond their parents' educational attainment.

To construct the absolute measure of intergenerational educational mobility, we first define the following indicator variable:

- $Mobile_i$ equals 1 if child i born to parents who have not completed secondary schooling has completed secondary schooling, and 0 otherwise.

Instead of using years of schooling as a continuous variable, as in Section 4.1, we follow Alesina et al. (2021) and group years of schooling into four categories. These are: (1) no schooling and less than primary, (2) completed primary and some secondary schooling, (3) completed secondary schooling and some tertiary education, (4) completed tertiary education or higher. We then define individuals as upwardly mobile if the adult child has completed secondary schooling while the parent has not.

Unlike Alesina et al. (2021), who use primary school completion as the threshold for upward mobility, we use secondary school completion. This choice is important for two reasons. First, post-apartheid education reforms have expanded access to basic education, meaning that a large share of both parents and children have completed primary schooling (Sulla & Zikhali, 2018). Using primary completion as the threshold would therefore suggest almost universal mobility and may overstate educational progress. Second, secondary school completion reflects progression to a level of education more closely linked to better economic opportunities. Since the returns to education tend to increase more clearly at the completion of secondary schooling, this threshold provides a more meaningful measure of upward intergenerational mobility.

In Equation 3, we regress upward educational mobility on a set of explanatory variables, including both child-level and household-level characteristics. X_{ij} captures the demographic characteristics of adult children. These include *Gender*, which is a dummy variable equal to one if the child is male and zero otherwise; *Race*, which is a categorical variable equal to one for Black South Africans, two for Coloured South Africans, and three for children classified as White South Africans, Indian or Asian; and the child's *Age*. We begin with a linear measure of Black Tax as the baseline specification. Equation 3, therefore, examines whether Black Tax is associated with the likelihood of upward educational mobility at lower or moderate levels of remittance obligations.

$$Mobile_i = \beta_0 + \beta_1 BlackTax_i + \beta X_i + \varepsilon_i \tag{3}$$

We extend the baseline model in Equation 3 by introducing a quadratic term for Black Tax. Equation 4 allows us to examine whether the relationship between Black Tax and upward educational mobility is non-linear. In other words, it shows whether the likelihood of upward mobility changes at different levels of remittance obligations. We expect to find a positive association between Black Tax and Upward mobility at low or moderate levels of Black Tax. However, at higher levels, remittance obligations may start to compete with education-related investments. The extended model is specified as follows:

$$Mobile_i = \beta_0 + \beta_1 BlackTax_i + \beta_2 BlackTax_i^2 + \beta X_i + \varepsilon_i \tag{4}$$

When the coefficient on Black Tax is positive and the coefficient on the squared term is neg-

ative, the relationship reaches a turning point at ($BlackTax^* = -\frac{\beta_1}{(2\beta_2)}$). This is the turning point at which the estimated relationship between Black Tax and upward intergenerational educational mobility reaches its highest level before beginning to decline. We interpret this turning point as part of the estimated non-linear relationship rather than as a causal threshold. In the results section, we also compare the estimated turning points with the observed distribution of Black Tax to show where they fall within the observed range of values.

5 Empirical Results

Section 5 presents the estimates of two intergenerational mobility measures, a relative and an absolute measure. In Section 5.1, we first estimate intergenerational educational persistence to determine whether there is an association between parental and child education. Second, we examine whether the relationship between parental and child education is moderated by black tax. Third, we present mean-centred results to facilitate the interpretation of interaction effects. Parental years of schooling and the black tax variable are mean-centred to allow coefficients to be interpreted at empirically relevant values.

Once we understand how black tax moderates intergenerational educational persistence, we turn to an absolute measure of intergenerational mobility to examine the likelihood that children become upwardly mobile depending on the intensity of remittance obligations. We also examine whether heterogeneous remittance obligations across households are associated with a higher or lower probability of upward mobility using quadratic models. If the relationship between intergenerational mobility and black tax is non-linear, we aim to determine at what point it reverses. Finally, in Section 5.2, we examine heterogeneous effects across ethnic and household income groups.

5.1 Baseline Results

5.1.1 Intergenerational Educational Persistence

Table 2 presents baseline estimates of intergenerational educational persistence. Column (1) reports the association between parental and children's education, without accounting for demographic and household characteristics. Column (2) includes control variables such as child gender, race, and age, while Columns (3 and 4) introduce black tax and its interaction

with parents' years of schooling to examine whether the intergenerational transmission of education is strengthened or weakened by black tax. The smaller estimation sample relative to the full analysis sample reflects missing data on parental education and Black Tax, as discussed in Section 3.

Column (1) reveals a positive and significant association between parental and children's years of schooling. An additional year of parental schooling is associated with about 0.05 additional years of schooling for the child. This finding suggests relatively low intergenerational persistence. Our findings support Rhodes (2019)'s findings, who used the NIDS data to study intergenerational persistence of educational status in South Africa and how persistence changes between Wave 1 and Wave 5. He estimated the association between parental and children's years of schooling, focusing on father-son and mother-daughter pairs and found persistence estimates of 0.17 and 0.22, respectively, for Wave 5 before accounting for other explanatory variables.

Although the difference in our estimates is not too large, it can be explained by the different subsamples used in each study. While his study focuses on adult children aged 18 to 45, ours focuses on a significantly younger subsample aged 19 to 27. A younger cohort is more likely to experience greater educational mobility due to post-apartheid education reforms and expanded access to education, resulting in greater intergenerational educational mobility and children's outcomes being less dependent on parental background. Another potential reason for the difference between our persistence estimates is that our study does not examine father-son or mother-daughter pairs; instead, it estimates the association at the aggregate level.

When accounting for demographic characteristics in Column (2), the coefficient on parental education almost doubles to 0.09, suggesting that the intergenerational persistence estimate was downwardly biased by omitting factors such as race, gender, and age from the specification. This finding is consistent with those of Louw et al. (2007), who used population census data from 1991 and 2001 to examine the role of parental education in children's human capital accumulation in South Africa. Their results reflect a persistence estimate of 0.10 for the 10- to 21-year-old cohort, based on the 2001 census.

Similarly, Rhodes (2019) report persistence estimates of 0.143 and 0.18 for the father-son and mother-daughter pairs, respectively, after accounting for other explanatory variables. Nimubona and Vencatachellum (2007) use the October Household Surveys to study intergenerational educational mobility among black and white South Africans with sample sizes

of 83171 and 6048, respectively. They estimate persistence at 0.23 and 0.188 for black and white South Africans, respectively, using OLS. They re-estimate this relationship using an ordered logit and find persistence estimates of 0.134 and 0.186 for black and white South Africans, respectively; they also estimate an ordered probit model and find estimates of 0.079 and 0.106 for black and white South Africans, respectively.

Magejo et al. (2014) used the 10% sample drawn from the 2011 South African population census to study trends in intergenerational transmission of education among black South Africans, focusing on Mother-all and Father-all pairs. When accounting for similar control variables, they find persistence estimates of 0.215 for the Mother-all pair and 0.199 for the Father-all pairs using the 1984 - 1988 cohort, that is, adult children aged 23 to 27 years. When looking at a younger cohort born between 1989 and 1993 (Age 22-18), they find persistence estimates of 0.207 and 0.183 for the Mother-all and Father-all pairs, respectively.

Their estimates are similar to ours, though slightly larger in magnitude. This could be explained by their focus on the black South African population, which previously had limited access to educational opportunities. The difference in the estimates could also be attributed to differences in sample size, as the cohorts born between 1984-1988 and 1989-1993 have significantly larger sample sizes of 93916 and 68429 adult children, respectively.

Although the magnitudes of the persistence estimates are slightly different, our results are very similar to Louw et al. (2007), Magejo et al. (2014), Nimubona and Vencatachellum (2007), and Rhodes (2019)'s results and show relatively low intergenerational educational persistence in South Africa, using varying datasets, sample sizes, age cohorts, and race groups, confirming the reliability of our estimates.

Furthermore, Columns (3) and (4) include black tax and the interaction between parental education and black tax, as shown in Equation 2. Column (4) reports the preferred specification, where parental education and black tax estimates are mean-centred. This specification is preferred because mean-centring improves interpretation. The coefficient on parental education can now be interpreted as the association between parental and child education at the average level of black tax, while the coefficient on black tax can be interpreted at the average level of parental education.

Table 2 – Baseline Results: Intergenerational Persistence

	Dependent variable: *Years of Schl*^{C}			
	Baseline	+ Controls	+ Black Tax + Interaction	
	(1)	(2)	(3)	(4)
Years of Schl^P	0.05***	0.09***	0.10***	0.09***
	(0.013)	(0.013)	(0.014)	(0.013)
Gender (Male=1)		-0.50***	-0.51***	-0.51***
		(0.098)	(0.098)	(0.098)
Race: Coloured		-0.77***	-0.78***	-0.78***
		(0.134)	(0.135)	(0.135)
Race: Other		-1.74***	-1.58***	-1.58***
		(0.284)	(0.292)	(0.292)
Age		0.27***	0.25***	0.25***
		(0.033)	(0.032)	(0.032)
Black Tax			9.67***	3.08***
			(2.977)	(1.003)
Years of Schl^P $*$ $BlackTax$			-0.75**	-0.75**
			(0.307)	(0.307)
Constant	9.89***	4.27***	4.70***	5.63***
	(0.115)	(0.714)	(0.708)	(0.694)
Mean-centred variables	No	No	No	Yes
Observations	1975	1975	1889	1889
R^2	0.007	0.091	0.095	0.095

Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Standard errors in parentheses.

YoS^P - The maximum of Mother's and Father's years of schooling.

The results in Column (4) show that at average levels of black tax, an additional year of parental schooling is associated with a 0.09-year increase in children's schooling, suggesting

relatively low intergenerational educational persistence. Parental education matters, but the degree of persistence is modest. The coefficient on black tax captures the association between black tax obligations and children's years of schooling, evaluated at the mean level of parental education, thereby improving the interpretability of our results. The coefficient on black tax is 3.08 and statistically significant. At average levels of parental education, a 10-percentage-point increase in the share of household income remitted is associated with 0.03 additional years of schooling. This is equivalent to 3 additional months of schooling.

Rather than a direct positive effect of black tax, this association suggests some form of selection, as households with higher parental education are likely to earn higher incomes and to transfer more financial resources to support extended family while still investing sufficiently in their children's education. This suggests that increasing remittance obligations may not negatively affect children's educational attainment, particularly for households with average parental education. This finding is consistent with our descriptive evidence in Figure 2, which shows that more-educated parents transfer substantially more resources through the black tax than less-educated parents.

Furthermore, the coefficient on the interaction term captures how deviations from average household black tax obligations moderate the association between parental and children's years of schooling. The negative and statistically significant coefficient of -0.75 indicates that households with above-average black tax obligations are associated with weaker intergenerational transmission of educational advantage. A 10-percentage-point increase in black tax reduces the parental education coefficient by 0.075 years (-0.75×0.10). In other words, for a household transferring 10 percentage points more of its income than the average household, the association between an additional year of parental schooling and children's schooling decreases from 0.09 to approximately 0.015 years (0.09-0.075). This suggests that the strength of the relationship between parental and child education weakens.

One potential channel through which black tax may weaken the link between parental and children's education is that sending a larger-than-average share of household income to extended family can place financial pressure on the household, thereby reducing the resources available for investments in children's human capital. This may limit the extent to which highly educated parents can translate their educational advantage into better educational outcomes for their children.

5.1.2 Upward Intergenerational Educational Mobility

Next, we turn to an absolute measure of intergenerational mobility, which allows us to estimate the likelihood of upward mobility. The relative measure, on the other hand, captures the strength of the relationship between children's and parents' outcomes; however, it does not explicitly capture whether children are surpassing their parents' outcomes in the presence of black tax. Table 3 examines the association between black tax and upward educational mobility. Column (1) presents a linear specification. Column (2) includes a quadratic term, allowing for a non-linear relationship between black tax and upward mobility, and Column (3) reports the same non-linear model using mean-centred variables.

Across all three specifications, male children have a 9 percentage-point lower probability of upward educational mobility than female children, suggesting that girls are more likely than boys to surpass their parents' educational attainment, that is, complete secondary schooling while their parents have not. This result is consistent with recent evidence from South Africa, which shows that while males face higher rates of grade repetition, school dropout, and slower progression, females have overtaken males in progression, matric completion, and overall educational attainment (Branson et al., 2014; Grossen et al., 2017; Spaull & Makaluza, 2019; Wills & Qvist, 2023). The coefficient, therefore, suggests that gains in educational access have translated more strongly into upward mobility for girls than for boys.

Relative to Black South Africans, Coloured children are associated with a 10 percentage point lower probability of upward educational mobility, while children in the Other race category are associated with a 19 percentage point lower probability. As shown in Figure 1, these differences reflect variation in the starting points of parental education across racial groups. Black South African parents are disproportionately concentrated at lower levels of schooling, whereas Coloured and especially Other race groups are concentrated at higher attainment levels. Since upward mobility is defined as a child completing secondary education while the parent did not, Black South African children have greater scope to surpass parental attainment because they start from a lower base of parental education. By contrast, groups with higher parental schooling levels have less room for upward mobility under this threshold definition.

Row four shows that age is positively associated with upward educational mobility. Each additional year of age is associated with a 3 percentage-point increase in the probability

of surpassing parental educational attainment. This finding reflects that older individuals have had more time to complete secondary schooling and are thus more likely to be mobile, especially in settings where grade repetition and delayed progression remain common in South Africa (Spaull, 2013).

Table 3 – Baseline Results: Upward Mobility

	Dependent variable: *Upward Mobility*		
	Linear Model	Non-Linear Model	
	(1)	(2)	(3)
Gender (Male=1)	-0.09***	-0.09***	-0.09***
	(0.020)	(0.020)	(0.020)
Race: Coloured	-0.10***	-0.09***	-0.09***
	(0.026)	(0.026)	(0.026)
Race: Other	-0.19***	-0.18***	-0.18***
	(0.032)	(0.032)	(0.032)
Age	0.03***	0.03***	0.03***
	(0.007)	(0.007)	(0.007)
Black Tax	0.27	1.03***	0.99**
	(0.237)	(0.396)	(0.383)
Black Tax^2		-1.32***	-1.32***
		(0.414)	(0.414)
Constant	-0.39***	-0.39***	-0.37***
	(0.139)	(0.139)	(0.139)
Mean-centred variables	No	No	Yes
Observations	1889	1889	1889
R^2	0.039	0.042	0.043

Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Standard errors in parentheses

Upward mobility - if the child has completed secondary education while the parent has not.

In Column (1), the coefficient on Black Tax is positive (0.27) but statistically insignificant. This potentially suggests that a linear model provides little evidence of a constant average association between black tax and upward educational mobility. This is convincing, as inter-household transfers can play different roles across households, accounting for a sizable share of household resources in some households while representing a smaller share in others (Ssebagala, 2021). A linear specification may therefore mask important variation across the transfer distribution.

In Column (2), once the quadratic term is added, the coefficient on Black Tax becomes positive and statistically significant (1.03***), while the squared term is negative and statistically significant (-1.32***). The positive linear coefficient indicates that, at very low levels of remittance burden, Black Tax is associated with a higher probability of upward mobility. For households with remittance shares close to zero, a 10-percentage-point increase in Black Tax is associated with a 10.3-percentage-point increase in the probability that a child surpasses parental educational attainment. However, this effect does not remain constant because the squared term is negative.

The negative coefficient on the quadratic term suggests diminishing marginal returns. As the share of household income remitted rises, the positive association progressively decreases. The marginal effect of Black Tax on upward mobility is given by:

$$\begin{aligned}\frac{\partial P(Y=1)}{\partial BT} &= \beta_1 + 2\beta_2 BT \\ &= 1.03 + 2(-1.32)BT \\ &= 1.03 - 2.64BT\end{aligned}$$

This means that the association depends on the level of Black Tax. For instance, when Black Tax equals 0.10, meaning that households remit 10% of their income to extended kin, the marginal effect is 1.03 - 2.64(0.10) = 0.766. In this case, a 10-percentage-point increase in Black Tax at this level is associated with about a 7.7-percentage-point increase in the probability of upward mobility. When households remit 40% of their income to extended family, the marginal effect becomes 1.03 - 2.64(0.40) = -0.026. Around this level of Black Tax, a further increase in remittance is associated with a small decline in upward mobility. These estimates suggest evidence of an inverse-U-shaped relationship.

The estimated relationship reaches its maximum when Black Tax is approximately 39% of household income ($BlackTax^* = -\frac{\beta_1}{2\beta_2} = -\frac{1.03}{2(-1.32)} = \frac{1.03}{2.64} \approx 0.39$), after which the fitted

relationship begins to decline. Figure A1 in the Appendix shows where this turning point falls within the observed distribution of Black Tax. Although the 39% turning point falls within the observed range, it lies toward the upper end of the distribution. This suggests that for most remitting households, Black Tax remains below the estimated turning point. The negative part of the relationship therefore applies to households with relatively high remittance burdens.

A possible reason for this non-linear relationship is that low-to-moderate Black Tax obligations may not hinder upward mobility and may instead reflect informal social protection and supportive kinship networks. These networks help disadvantaged households finance immediate needs, especially where credit and insurance markets are weak. However, at sufficiently high levels of Black Tax, remittance obligations may place increasing pressure on resources retained within the donor household. This may reduce the resources available for investment in children's education and the likelihood of upward mobility. This mechanism is consistent with South African literature on Black Tax, which shows that upwardly mobile earners, in most cases black South Africans, frequently encounter enduring financial responsibilities to support less advantaged family members (Boima & Oyedemi, 2024; Carpenter & Phaswana, 2021; Mangoma & Wilson-Prangley, 2019; Mhlongo, 2019; Montle, 2020).

Column (3) shows results using mean-centred data. This means that the coefficient on the linear term (0.99**) is interpreted at the sample mean level of Black Tax, instead of at zero remittances. This means that the coefficient on the linear term of Black Tax (0.99**) is interpreted at the sample mean level of Black Tax, rather than at zero remittances, as in Column (2). This improves the interpretability of our results, as zero remittance share may not reflect the typical household in a context where inter-household support is common in South Africa (Ssebagala, 2021).

At the sample mean level of Black Tax, a 10-percentage-point increase in the share of household income remitted is associated with a 9.9-percentage-point increase in the probability of upward mobility. As in Column (2), this positive association becomes smaller as remittance obligations rise, and eventually turns negative at high levels of Black Tax, suggesting that the inverse-U-shaped relationship remains unchanged. The centred results support the earlier interpretation. Moderate transfers may coexist with upward educational mobility through consumption smoothing, income equalisation, informal social protection, and family support. However, greater obligations may begin to limit educational progress by reducing financial resources that could have been used for school-related spending, savings or other long-term

investments.

Our findings are consistent with the debate on whether Black Tax represents a burden or an expression of ubuntu, clearly indicating that the relationship is non-linear and depends on the level of obligation. At low to moderate levels, Black Tax may be consistent with ubuntu and family support. At higher levels, it may become a financial burden that limits upward mobility. However, as shown in Figure A1, these higher levels of Black Tax are concentrated in the upper tail of the observed distribution and therefore represent households that remit relatively large shares of their income to extended family members.

Direct comparisons with earlier studies should be made with caution. Existing work has mainly examined Black Tax and related kinship obligations in relation to savings, investment, entrepreneurship, informal insurance, remittances, and lived experience, rather than intergenerational educational mobility (Alby et al., 2020; Cox & Fafchamps, 2007; Di Falco & Bulte, 2011; Jakiela & Ozier, 2016; Mangoma & Wilson-Prangley, 2019). This paper, therefore, speaks to a related but distinct outcome.

5.2 Heterogeneity Analysis

The baseline results show a non-linear association between Black Tax and upward educational mobility. However, this relationship may differ across groups with different economic positions and family obligations. We therefore examine heterogeneity by race, by household income, and then by a more vulnerable subgroup: Black South Africans in the bottom 40% of the income distribution.

Table 4 examines whether the association between Black Tax and upward intergenerational mobility differs across race groups. The results show that a clearer relationship appears among Black South Africans. In Column (1), the coefficient of 1.25 implies that when Black Tax is around zero, that is, at low levels of Black Tax, a 10 percentage point increase in the share of household income remitted is associated with a 12.5 percentage point higher probability of upward mobility. In Column (2), after mean centring, the coefficient falls slightly to 1.18, indicating that around the average remittance share, a 10-percentage-point increase in the share of household income remitted is associated with an 11.8-percentage-point higher probability of upward intergenerational educational mobility.

The quadratic term is negative in both columns, but statistically insignificant. There is

therefore insufficient evidence to conclude that the relationship is non-linear within the Black South African racial group. One possible reason for this finding is that Black South African households have diverse socioeconomic statuses. Some households are highly resource-constrained, while others are well-endowed. Pooling households together may mask important differences in how remittance burdens operate across income groups. Table 6 further explores heterogeneity across income groups within the Black South African race group. For Coloured, White South African, Asian and Indian households, we find no clear relationship between Black Tax and intergenerational mobility.

Table 4 – Heterogeneity by Race

	Dependent variable: *Upward Mobility*					
	Black South African		Coloured		Other	
	(1)	(2)	(3)	(4)	(5)	(6)
Gender (Male=1)	-0.11***	-0.11***	-0.04	-0.04	-0.03	-0.03
	(0.024)	(0.024)	(0.046)	(0.046)	(0.057)	(0.057)
Age	0.04***	0.04***	0.01	0.01	0.02	0.02
	(0.008)	(0.008)	(0.014)	(0.014)	(0.017)	(0.017)
Black Tax	1.25**	1.18**	0.07	0.06	5.62	5.38
	(0.577)	(0.537)	(0.954)	(0.924)	(6.812)	(4.872)
Black Tax^2	-2.27	-2.27	-0.28	-0.28	-7.51	-7.51
	(1.504)	(1.504)	(0.953)	(0.953)	(66.152)	(66.152)
Constant	-0.51***	-0.49***	-0.08	-0.08	-0.35	-0.27
	(0.166)	(0.167)	(0.300)	(0.300)	(0.347)	(0.370)
Mean-centred variables	No	Yes	No	Yes	No	Yes
Observations	1461	1461	315	315	113	113
R^2	0.036	0.036	0.007	0.007	0.106	0.106

Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Standard errors in parentheses

Upward mobility - if the child has completed secondary education while the parent has not.

The descriptive evidence in Section 3 supports these findings. Figure 4 shows that Black

South African households remit the highest share of income across race groups, especially among the households in the bottom 40% of the income distribution. Figure 1 also shows that Black South African parents are concentrated at lower levels of education, which gives children greater scope to surpass their parents' educational attainment under the mobility measure used in this study. These patterns reflect the long-run effects of apartheid-era inequality in education and labour market opportunity, and help explain why the strongest association between Black Tax and upward intergenerational mobility is found in the Black South African race group.

Table 5 examines heterogeneity by household income position, comparing households at the bottom of the income distribution with those at the 60th percentile. This is an important angle, as the same remittance obligation is unlikely to have the same effect across households with different levels of economic resources. A given share of income remitted may be manageable for better-off households, but much more restrictive for poorer households. If Black Tax is associated with a lower probability of upward mobility when household budget constraints are tighter, we should expect this relationship to be stronger among lower-income households.

The negative and statistically significant quadratic term confirms a clear inverse-U-shaped relationship for households in the bottom 40% of the income distribution. At low levels of Black tax, remittance obligations are positively associated with upward mobility. However, this positive association diminishes as Black Tax increases and eventually becomes negative.

The estimated turning point is at approximately 28% of household income, and is substantially lower than the 39% turning point estimated for the full sample. This suggests that the burden of Black Tax emerges earlier among poorer households. Figure A2 in the Appendix shows that the 28% turning point lies within the observed distribution of Black Tax for poorer households, although it remains toward the upper part of the distribution. However, it is important to note that the turning point occurs earlier in the distribution than in the full sample. This pattern is consistent with the interpretation that poorer households are likely to become financially constrained at lower remittance shares because for households in the bottom 40% of the income distribution, even a smaller share of income remitted to extended family may represent a meaningful loss of resources for the nuclear household.

Table 5 – Heterogeneity by Household Income

	Dependent variable: *Upward Mobility*			
	Bottom 40%		Top 60%	
	(1)	(2)	(3)	(4)
Gender (Male=1)	-0.15***	-0.15***	-0.05*	-0.05*
	(0.031)	(0.031)	(0.026)	(0.026)
Coloured	-0.16***	-0.16***	-0.07**	-0.07**
	(0.040)	(0.040)	(0.033)	(0.033)
Other	-0.08	-0.08	-0.20***	-0.20***
	(0.197)	(0.197)	(0.035)	(0.035)
Age	0.03***	0.03***	0.04***	0.04***
	(0.010)	(0.010)	(0.009)	(0.009)
Black Tax	2.03***	1.91***	0.37	0.35
	(0.727)	(0.680)	(0.577)	(0.559)
Black Tax^2	-3.61**	-3.61**	-0.63	-0.63
	(1.706)	(1.706)	(0.585)	(0.585)
Constant	-0.30	-0.27	-0.42**	-0.41**
	(0.219)	(0.220)	(0.180)	(0.180)
Mean-centred variables	No	Yes	No	Yes
Observations	770	770	1119	1119
R^2	0.069	0.069	0.037	0.037

Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Standard errors in parentheses

Upward mobility - if the child has completed secondary education while the parent has not.

Furthermore, the baseline non-linear relationship appears to be concentrated among poorer households, where Black Tax is more likely to coincide with tighter financial constraints. The descriptive evidence in Section 3 is consistent with this interpretation. Figure 3 shows that households in the bottom 40% of the income distribution remit a relatively larger share of household income than households in the top 60%. Even if poorer households remit smaller

absolute amounts, the burden relative to income is much larger. It therefore makes sense that the strongest non-linear relationship appears in this group. This finding is also consistent with the broader literature, which shows that kinship obligations can provide insurance at moderate levels but become restrictive when they absorb too much of household income. (Cox & Fafchamps, 2007; Jakiela & Ozier, 2016; Squires, 2024; Ssebagala, 2021).

In Columns (3) and (4), we find no clear evidence of either a linear or a non-linear relationship between Black Tax and Intergenerational educational mobility. In both specifications, the coefficient on the linear Black Tax term is positive, and the coefficient on the quadratic term is negative; however, neither is statistically significant. A possible explanation is that higher-income households are better able to absorb remittance obligations without reducing spending on children's education.

Table 6 examines heterogeneity within the Black South African sample by household income position, an important extension of Tables 4 and 5. Table 4 showed that the strongest Black Tax association appears among Black South Africans, while Table 5 showed that the non-linear pattern is concentrated among the poorer households. Table 6 combines these two dimensions to test whether the baseline relationship is driven specifically by economically vulnerable Black South African households.

The results strongly support this view. For Black South African households in the bottom 40% of the income distribution, the coefficient of 2.27 implies that when black tax is close to zero, a 10-percentage-point increase in the share of household income remitted is associated with a 22.7-percentage-point increase in the probability of upward mobility. In Column (2), after mean-centring, the coefficient slightly declines to 2.14, implying that around the average remittance burden within this subgroup, a 10 percentage point increase in the share of household income remitted is associated with a 21.4 percentage point higher probability of upward intergenerational educational mobility.

The negative and statistically significant quadratic term confirms a clear non-linear relationship. The estimated turning point is approximately 27.6% of household income remitted, compared to approximately 39% in the full sample and 28% among households in the bottom 40% of the income distribution. Figure A3 in the Appendix shows that the 27.6% turning point lies within the observed Black Tax distribution for Black South Africans in the bottom 40%, although it remains toward the upper part of the distribution. It is important to note that the estimated turning point occurs at a substantially lower remittance share than in the full sample, but is very similar to the 28% threshold estimated for the broader bottom

40%. This pattern suggests that the earlier reversal in the fitted relationship is closely associated with economic constraint. Poorer Black South African households are likely to have smaller financial buffers and greater dependence on current income. As a result, remittance obligations may become restrictive at lower shares of household income.

Table 6 – Heterogeneity by Household Income among Black South Africans

	Dependent variable: *Upward Mobility*			
	Black SA & Bottom 40%		Black SA & Top 60%	
	(1)	(2)	(3)	(4)
Gender (Male=1)	-0.16***	-0.16***	-0.06*	-0.06*
	(0.034)	(0.034)	(0.033)	(0.033)
Age	0.03***	0.03***	0.05***	0.05***
	(0.011)	(0.011)	(0.011)	(0.011)
Black Tax	2.27***	2.14***	0.03	0.01
	(0.784)	(0.734)	(0.856)	(0.797)
Black Tax^2	-4.11**	-4.11**	-0.50	-0.50
	(1.767)	(1.767)	(2.264)	(2.264)
Constant	-0.28	-0.25	-0.70***	-0.70***
	(0.238)	(0.240)	(0.232)	(0.233)
Mean-centred variables	No	Yes	No	Yes
Observations	682	682	779	779
R^2	0.061	0.061	0.029	0.029

Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Standard errors in parentheses

Upward mobility - if the child has completed secondary education while the parent has not.

This finding suggests that for poorer Black South African households, the costs of Black Tax begin to outweigh the benefits at a much earlier stage. These households are likely to face tighter budget constraints, smaller savings buffers, and greater dependence on current income to meet basic needs. As a result, remittance obligations may become restrictive at lower transfer shares for Black South African households in the bottom 40% than in the full

sample.

The descriptive evidence in Section 3 is consistent with this result and interpretation. Figure 4 shows that Black South Africans in the bottom 40% of the income distribution remit the highest share of household income among the subgroups considered in the study. Together with Figure A3, this suggests that relatively high remittance burdens are particularly relevant for households that are already economically constrained. This is consistent with recent evidence indicating that lower-income households may be obligated to provide financial support to extended family members, even when their own resources are limited. Oftentimes, when a household member becomes employed or experiences upward mobility, there is a cultural expectation to support unemployed parents, relatives, and extended family members. For low-income donor households, these obligations can place direct pressure on already stretched budgets and reduce resources that could have been used for children's education and long-term mobility (Carpenter & Phaswana, 2021; Ssebagala, 2021).

Finally, for Black South Africans in the top 60%, there is no statistically significant evidence of either a linear or non-linear relationship between Black Tax and upward mobility. This suggests that once income constraints ease, remittance obligations are less likely to materially affect children's educational mobility. The baseline Black Tax pattern, therefore, appears to be concentrated among poorer Black South African households, where current financial constraints and family obligations are most likely to overlap.

6 Robustness

Table 7 examines whether the baseline results are robust when total remittances are separated into monetary and in-kind transfers. The results show a similar non-linear pattern across the different measures of remittances. Columns (1) to (3) reproduce the baseline estimates reported in Table 3 and included for comparison.

Table 7 – Remittance Composition and Upward Mobility

	Dependent variable: *Upward Mobility*								
	Total Remittances			Monetary Remittances			In-kind Remittances		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Linear	Quadratic	Mean-centred	Linear	Quadratic	Mean-centred	Linear	Quadratic	Mean-centred
Gender (Male=1)	-0.09***	-0.09***	-0.09***	-0.09***	-0.09***	-0.09***	-0.09***	-0.09***	-0.09***
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Coloured	-0.10***	-0.09***	-0.09***	-0.10***	-0.09***	-0.09***	-0.10***	-0.10***	-0.10***
	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)
Other	-0.19***	-0.18***	-0.18***	-0.19***	-0.19***	-0.19***	-0.19***	-0.19***	-0.19***
	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
Age	0.03***	0.03***	0.03***	0.03***	0.03***	0.03***	0.03***	0.03***	0.03***
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Black Tax	0.27	1.03***	0.99**	0.38	1.38**	1.29**	0.33	1.77*	1.75*
	(0.237)	(0.396)	(0.383)	(0.318)	(0.582)	(0.551)	(0.479)	(0.994)	(0.983)
Black Tax ^{2}		-1.32***	-1.32***		-3.35**	-3.35**		-3.82**	-3.82**
		(0.414)	(0.414)		(1.314)	(1.314)		(1.853)	(1.853)
Constant	-0.39***	-0.39***	-0.37***	-0.39***	-0.39***	-0.37***	-0.38***	-0.38***	-0.37***
	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)	(0.139)
Observations	1889	1889	1889	1889	1889	1889	1886	1886	1886
R^2	0.039	0.043	0.043	0.040	0.042	0.042	0.039	0.040	0.040

Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Standard errors in parentheses.

Total remittances include monetary and in-kind remittances as a share of household income.

Upward mobility is defined as the child having completed secondary education while the parent has not.

The results for monetary remittances in Columns (4) to (6) show a similar non-linear relationship. The coefficient on Black Tax is positive and statistically significant, while the quadratic term is negative and statistically significant. The estimated probability of upward mobility increases with Black Tax up to a turning point of approximately 21% of household income. Further increases beyond the turning point are associated with a lower probability of upward mobility. In Columns (7) to (9), we observe a similar pattern for in-kind remittances, with a turning point of approximately 23%. Therefore, the non-linear pattern is not driven only by one type of transfer, both components show the same relationship with upward intergenerational educational mobility.

Although the signs of the linear and quadratic terms of both remittance components are consistent with the baseline results, the magnitude of the coefficients and the estimated turning points are slightly different from the baseline results. The estimated turning points for monetary and in-kind remittances are lower than the 39% turning point obtained using total remittances. This potentially suggests that the composition of remittances matters for where the relationship begins to reverse. However, since the monetary and in-kind remittances have different distributions, and each represents only a part of the total remittance burden, we do not directly compare the component-specific turning points with the total remittance turning point.

The results are also stable across the mean-centred specifications. The signs and magnitudes of the remittance coefficients remain similar, while the coefficients on gender and race change very little across specifications. The sample size also remains almost unchanged, with 1889 observations for total and monetary remittances and 1886 for in-kind remittances. This suggests that the robustness results are not being driven by the changes in the estimation sample or by the changes in the control variables.

7 Conclusion

This paper examines the relationship between Black Tax and intergenerational educational mobility in South Africa. The study examines whether financial obligations moderate the link between parental and child education. The study also asks a key question: whether financial obligations to extended family members are associated with children moving beyond their parents' educational attainment.

The results show that the relationship between Black Tax and upward mobility is not linear. At low and moderate levels, Black Tax is positively associated with upward educational mobility. This finding suggests that remittance obligations do not necessarily prevent progress when they are low or moderate. In some households, transfers may reflect family support, informal insurance, and resource sharing. These networks may help their vulnerable family members respond to shocks and maintain stability in contexts where formal support remains limited.

However, the positive association weakens as Black Tax increases and eventually reverses. In the full sample, the fitted relationship reaches its maximum at approximately 39% of household income. As shown in Figure A1, this turning point lies toward the upper tail of the Black Tax distribution and therefore reflects households that remit relatively large shares of their income rather than the average remitting household. At these higher levels, Black Tax may begin to compete with the resources that could be devoted to children's education and long-term mobility.

The heterogeneity analysis provides a clearer picture. Among households in the bottom 40% of the income distribution, the estimated turning point falls to approximately 28%, while among Black South African households in the bottom 40% it is approximately 27.6%. Figures A2 and A3 show that the turning points for the two latter groups lie toward the upper part of their respective distributions, but occur at lower remittance shares than in the full sample. This pattern is consistent with the argument that remittance obligations may become restrictive at lower levels when households already face tighter financial constraints. For higher-income households, there is no clear evidence of either a linear or non-linear relationship. This may suggest that better-off households may be able to absorb remittance obligations without hindering children's educational progress.

These findings speak to the broader debate over whether Black Tax is understood as a burden or as a form of social protection. The evidence suggests that it can be both. At low or moderate levels, it may be consistent with family support and upward mobility. However, at higher levels, it may become a financial constraint. The focus is therefore not only on whether households support extended kin but also on the extent of these obligations relative to household income.

This paper, therefore, contributes to the literature on intergenerational educational mobility by showing that family obligations beyond the nuclear household may matter for educational progress. It also contributes to the Black Tax literature by showing that the relationship is

more nuanced than a simple burden-versus-Ubuntu debate would suggest. In South Africa, where inequality remains deeply tied to history, one generation's progress is often shared across a wider family network. This support is meaningful, especially in a setting where inequality is very high, but it may also limit how much progress can be passed on to the next generation when the burden becomes too large.

The results should be interpreted as associational rather than causal. Remittance obligations are not randomly assigned, and households that remit may differ from those that do not in ways that are not fully captured in the data. However, the findings still highlight an important pattern that has received little attention in the mobility literature. Future research could examine the mechanisms more directly if richer datasets on remittances and inter-household transfers were available. They could ask whether Black Tax obligations affect school-related spending, saving, or household investment decisions in children's human capital. Future work could also examine how these obligations differ across family structures and labour market positions.

Finally, our findings are important for understanding how private family support may hinder educational mobility across generations, especially in high-inequality countries such as South Africa. Our results do not suggest that households should withdraw support from extended family; rather, we show that the ability to provide this support without constraining the next generation depends on the resources available to the donor household. When poorer households have to support extended family from already limited resources, these obligations may place pressure on resources that could have been devoted to children's education and long-term mobility.

Our findings therefore suggest the need to strengthen formal social protection, employment opportunities, and other forms of support that can reduce the extent to which vulnerable households must rely on private transfers within family networks. The ability to reduce these pressures may allow households to continue supporting extended family members without weakening the resources available for investments in the next generation.

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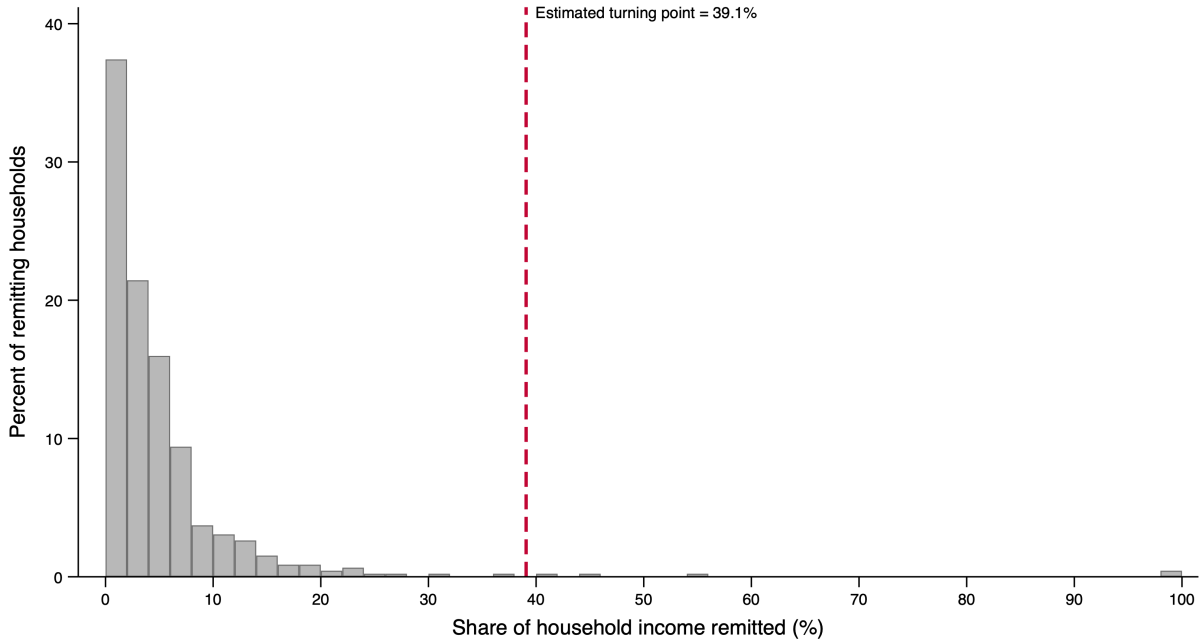
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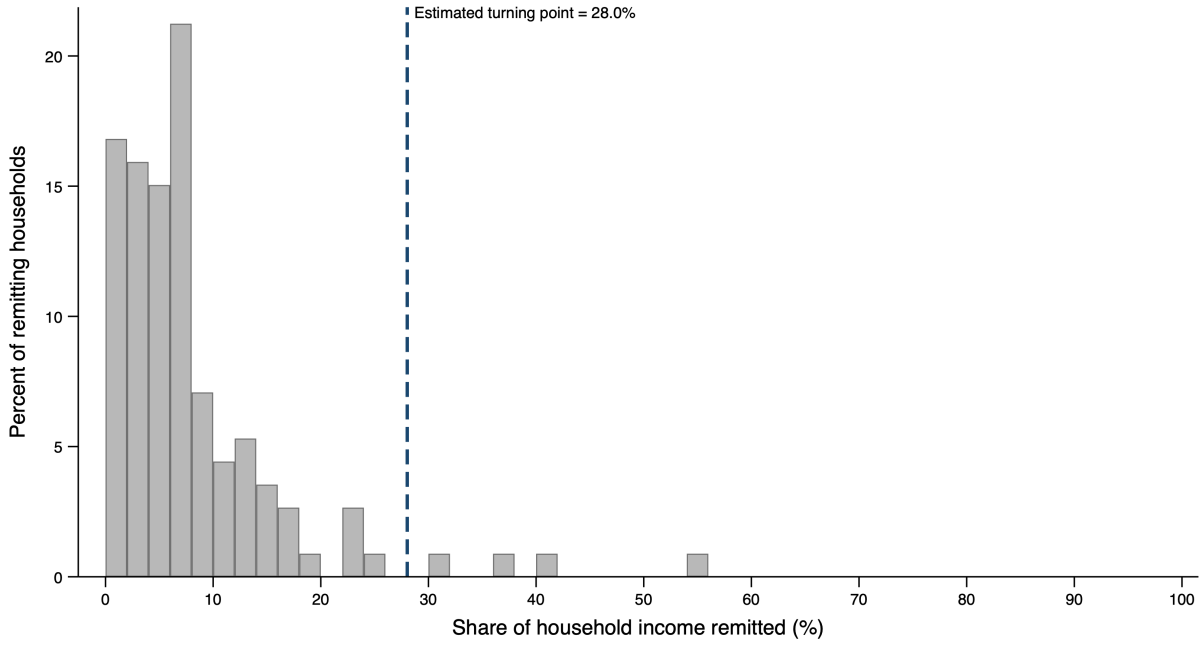
A Appendix

Figure A1 – Distribution of Black Tax and Estimated Turning Point: Full Sample



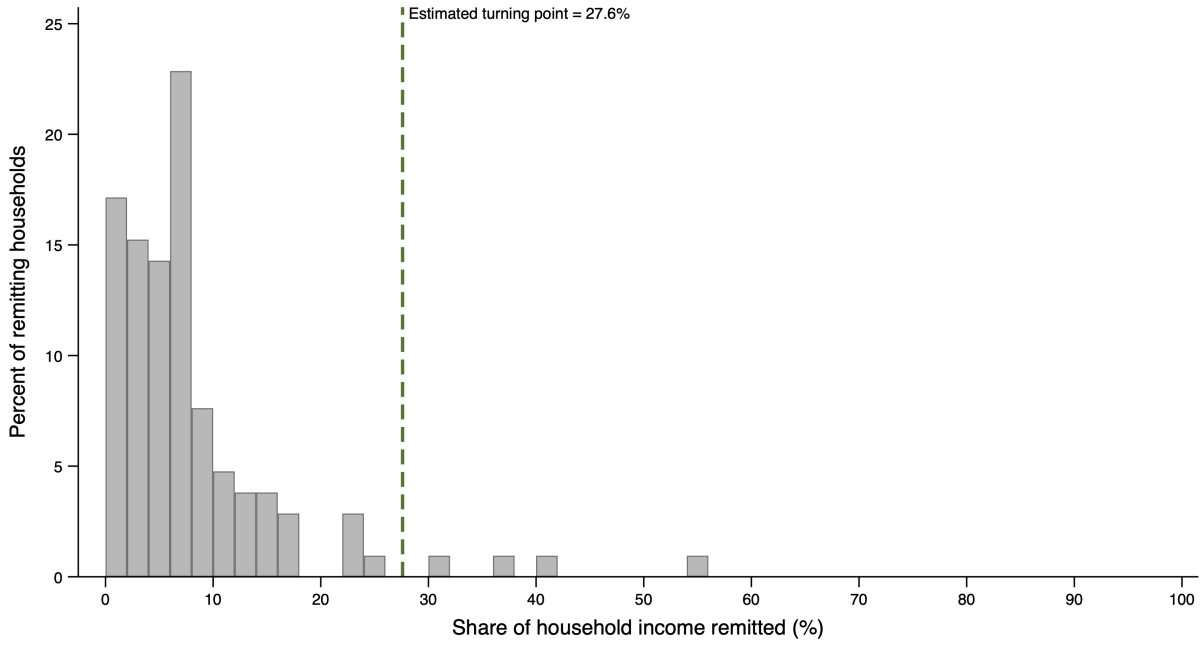
Notes: The figure shows the distribution of Black Tax, measured as the share of household income remitted to extended family members, among remitting households in the full sample. The dashed vertical line indicates the estimated turning point from the quadratic specification.

Figure A2 – Distribution of Black Tax and Estimated Turning Point: Bottom 40% of the Income Distribution



Notes: The figure shows the distribution of Black Tax among remitting households in the bottom 40% of the income distribution. The dashed vertical line indicates the estimated turning point from the quadratic specification.

Figure A3 – Distribution of Black Tax and Estimated Turning Point: Black South Africans in the Bottom 40% of the Income Distribution



Notes: The figure shows the distribution of Black Tax among remitting Black South African households in the bottom 40% of the income distribution. The dashed vertical line indicates the estimated turning point from the quadratic specification.