THE IMPACT OF THE "*ASSEGNO UNICO E UNIVERSALE*" REFORM ON FAMILY WELFARE[1]

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Abstract. The recent reform of Italy's family support system, which introduced the "*Assegno Unico e Universale*" in March 2022, marks a turning point in the country's family policy. The reform aimed to provide a more inclusive and equitable approach to supporting families. This study draws on longitudinal data from IT-SILC to analyse changes in the pool of beneficiaries in the years surrounding the reform. It also offers an overview of the reform effects using both descriptive statistics and model-based empirical analysis.

1. Introduction

As many authors have highlighted, Italy has long implemented weak, fragmented, categorical, and ultimately ineffective family policies compared to other European countries. These policies have failed to mitigate demographic decline or to adequately address social, generational, and gender disparities (Rosina and Luppi, 2022). This paper investigates the redistributive effects of the recent reform of Italy's family support system (L.D. n. 46/2021 and D.lgs. n. 230/2021), which introduced the "*Assegno Unico e Universale*" (AUU). Prior to the reform, the system relied on two main instruments: tax deductions for dependent children, available only to those with sufficient tax liability, and the "*Assegno per il Nucleo Familiare*" (ANF), which was primarily reserved for employees. This design excluded certain professional categories, such as self-employed workers and the long-term unemployed. Moreover, it failed to guarantee full and adequate benefit for the poorest families, who often had incomes too low to benefit from tax deductions due to tax non-liability. The implementation of the AUU marked a significant shift in both the design and coverage of family policies, by extending benefits to previously excluded households and simplifying access to support.

The paper begins with a historical overview of family support policies in Italy. It then presents the data and describes the main characteristics of households receiving

[1] The views expressed in this article are solely those of the authors. Although the paper is the outcome of a collaborative effort, individual contributions are attributed as follows: Sections 2, 3 and 5 were authored by P. Consolini, Section 4 by M. Narilli and Sections 6 and 7 by A. Pepe.

the ANF and the AUU, along with the structural changes in the target population over time. Finally, the analysis focuses on the distributional effects of the reform and its impact on poverty risk, using both descriptive statistics and causal models.

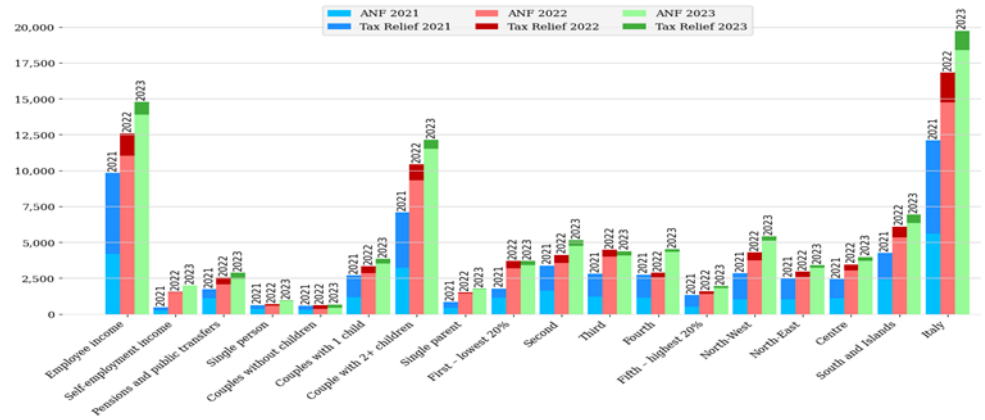
2. Backgrounds

The origins of family support policies in Italy date back to 1934, introduced within trade union agreements to reduce working hours and support employment. Initially limited to industrial workers with at least two dependent children, the scheme aimed to offset income losses and promote vertical equity (Di Biase, 2010). By 1935, it was extended to families with one-child, and by 1937 to all dependent workers regardless of income or job rank. That same year, benefits became proportional to the number of children, reflecting demographic goals. In 1940, eligibility expanded to include spouses and dependent parents. The Italian National Institute of Social Security (INPS) managed the allowances from the beginning, but in 1940 funding shifted exclusively to employers through the creation of the "Single Fund for Family Allowances" (CUAF), featuring sector-specific accounts and inter-sectoral balancing. Over time, eligibility broadened: in 1967 to self-employed agricultural workers (state-funded), and in 1983 to low-income families with children under 18 through means-tested supplementary allowances, reaffirming vertical equity. The ANF, as known today, was established in 1988, replacing prior schemes. It provides cash transfers to dependent workers and retirees below income thresholds, adjusted annually. Eligibility includes those temporarily unemployed receiving income support (e.g., unemployment, wage supplementation, sickness benefits). Since 1998, it also covers INPS Separate Scheme members who lack other mandatory coverage and are not pensioners. The ANF amount depends on household composition and decreases as income rises, provided at least 70% of income comes from employment or related benefits. Between 2000 and 2010, family support shifted toward tax relief for low-to-middle-income households with dependents. However, raising the non-taxable threshold reduced the impact for low earners due to tax incapacity. In response, reform proposals aimed to overcome both this limitation and the categorical nature of ANF. Notably, the concept of selective universalism, integrating tax deductions and ANF into a single benefit varying by need gained traction (Baldini *et al.*, 2004). This approach, assessed through an improved means test (ISEE), shaped the 2021 Family Act and led to AUU.

3. Dataset Description and First evidence

This study draws on data from the EU-SILC (European Union Statistics on Income and Living Conditions), focusing on the period 2022–24, with income reference years 2021–23, covering the phases before, during, and after the implementation of the Family Act. EU-SILC is a minimum 4-year panel survey conducted across European countries, targeting individuals and households residing in the country and living in private dwellings (EUROSTAT, 2022). In the Italian version (IT-SILC), respondents are interviewed annually over a six-year period. For the purposes of this research, the analysis focuses on individuals and households observed continuously over the three-year period considered. The final sample consists of 11,982 households that participated in the survey and maintained the same reference person throughout the panel, corresponding to a total of 23,130 individuals. Using a longitudinal component could introduce attrition bias that, following Eurostat suggestions, can be mitigated by means of longitudinal weights. Unlike previous studies based exclusively on microsimulation models (Cossu *et al.* 2021; Pacifico, 2021), this analysis, drawing on estimates from the IT-SILC longitudinal sample, combining survey data with administrative records from INPS (AUU and ANF) and tax registers CU, 730, and PF (dependent-related tax deductions).

Figure 1 – *Amounts of family social and fiscal benefits. Years 2021- 2023.*



Values in millions of euros. Quintiles (First, Second,.., Fifth) divide the population into five equal groups (20% each) based on their equivalised disposable income.
Source: Authors' elaboration on longitudinal IT-SILC data.

The comparative analysis shows that in the initial two-year period (2021 compared to 2022), total resources allocated to households – combining benefits and

tax relief – amounted to €12.1 billion and €16.8 billion, respectively (39% YoY increase). This figure rose to €19.7 billion in 2023, marking a further YoY growth of 17.4% compared to 2022 (Figure 1). During this transition, households whose primary income source is self-employment, as well as those with children, experienced the greatest gains particularly in the North-West, where households benefited more than those in other regions. The analysis also highlights a sharp decline in the relative weight of tax relief compared to the overall set of family support policies.

4. The AUU Reform: Beneficiary Profiles and Effects on Household Budgets

In 2021, 19% of all households received ANF. In 2022, with the introduction of AUU, beneficiary households increased to 28.2% (+48.9%) (Table 1). In 2023, when AUU was fully in force, the share of beneficiaries was 26.9%, increasing in comparison to 2021. The rise was due to the introduction of the AUU: most households that previously received the ANF have shifted to receiving the AUU and new households become eligible for the new benefit. As a result, in both post-reform years, the share of ANF beneficiaries decreased to 4.9% in 2022 (-74.1% compared to 2021) and to 3.0% in 2023 (-84.4% compared to 2021).

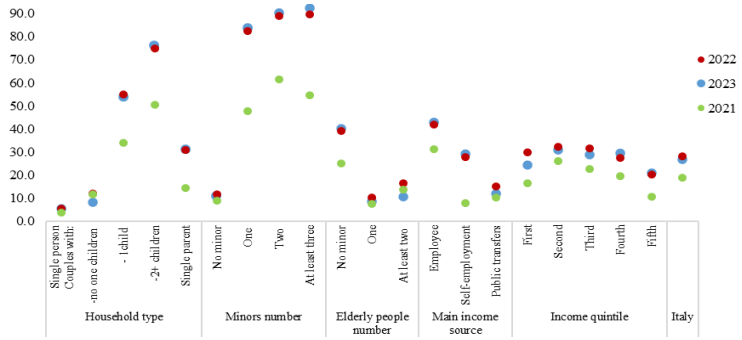
Table 1 - *Beneficiary households and incidence on total family social benefits (TFSBI) by type of measure. Years 2021-2023.*

	2021		2022		2023	
Type of benefit	Households	TFSBI	Households	TFSBI	Households	TFSBI
Family allowance (ANF)	19.0	100.0	15.1	11.0	4.0	97.0
- only ANF	19.0	100.0	4.9	3.6	3.0	1.9
Universal Child Benefit (AUU)	-	-	23.3	89.0	24.0	97.0
- only AUU			13.1	40.0	22.9	91.4
ANF and AUU	-	-	10.2	56.4	1.1	6.7
Total	19.0	100.0	28.2	100.0	26.9	100.0

Percentage values.
Source: Authors' elaboration on longitudinal IT-SILC data.

The evolution of the family social benefits (ANF and/or AUU) rate over the three-year period examined highlights its impact on the composition of the beneficiary families. Since 2022, couples with children receiving benefits have increased (Figure 2). In particular, the incidence for couples with at least two children increases by about 26 percentage points from 2021 (50.4%) to 2023 (76.2%). Where at least two minors are present, the incidence exceeds 92% in 2023.

Figure 2 –*Family social benefits rate by household characteristics. Years 2021-2023.*

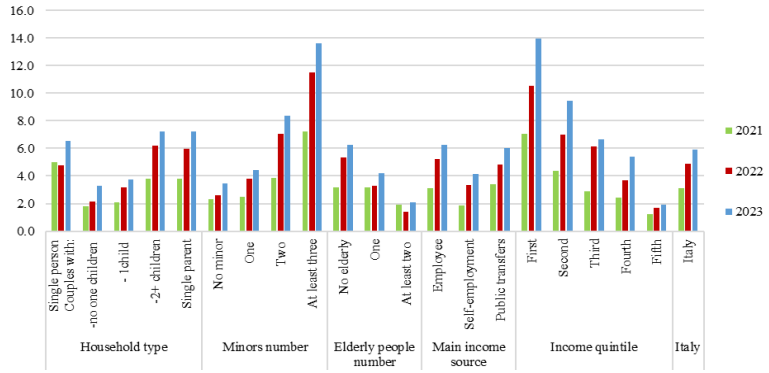


Percentage values per 100 households with same characteristics.
Source: Authors' elaboration on IT-SILC longitudinal data.

The AUU universal nature is particularly evident when a family's main income source is self-employment. Among these families, which in the past were rarely reached by social support measures, the share of beneficiaries grows significantly (from 8% in 2021 to 29.1% in 2023). Conversely, the increase is less marked among households whose main income source is dependent employment (31.1% in 2021 and 42.8% in 2023). The introduction of the AUU expands the pool of beneficiaries, especially among first-quintile households, the most vulnerable segment characterized by higher employment instability. In 2023, the share of beneficiaries was 24.3% compared to 16.5% in 2021 when only the ANF, reserved for employees, was in force. In the fourth and fifth quintiles, the share of beneficiaries grows by about 10 percentage points between 2021 and 2023, driven by the AUU greater inclusivity. The implementation of the AUU has led to an increase in the incidence of social transfers (ANF and/or AUU) on household net income[2], rising from 3.1% in 2021 to 5.9% in 2023 (Figure 3). The redistributive impact of the new benefit is particularly marked for single-parent households and couples with two or more children. The highest incidence is observed in households with at least three minors, peaking at 13.6% in 2023, compared to 7.2% in 2021 and 11.5% in 2022. Furthermore, for households whose primary source of income is self-employment, the incidence in 2023 (4.2%) is more than double that of 2021 (1.9%), yet remains below the 6.2% of households whose main source is dependent employment (3.1% in 2021). The incidence of family allowance benefits is evident in the first quintile (7.0% in 2021, 10.6% in 2022 and 14.0% in 2023) and in the second quintile (4.4% in 2021, 7.0% in 2022 and 9.4% in 2023) showing the aim of the new measure in addressing economic vulnerability.

[2] Household net income has been considered excluding imputed rent and in-kind components, in accordance with the harmonized income definition adopted at the European level.

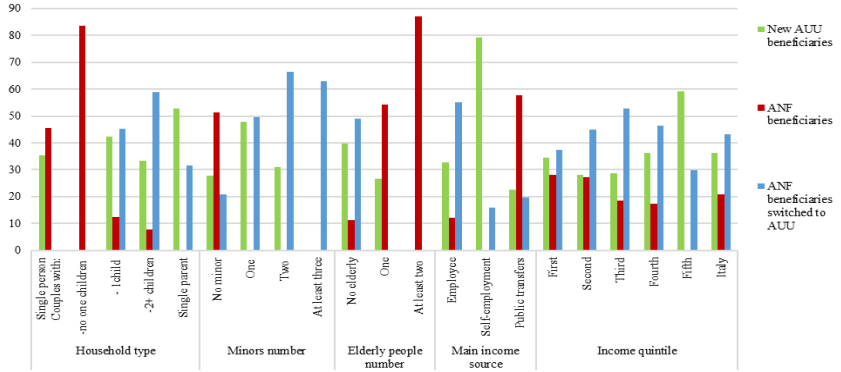
Figure 3 - *Share of Family social benefits on net income by household characteristics. Years 2021-2023.*



Percentage values.
Source: Authors' elaboration on IT-SILC longitudinal data.

Focusing on the transitions of households between different social benefits in 2021 and 2023, among families receiving the AUU in 2023, 13% have already benefited from ANF in 2021 and 10.9% were new AUU beneficiaries[3]. Moreover, 6.4% of all the households received ANF at least one time: 3.3% only in 2021, 2.8% in both years. The characteristics of beneficiaries once again highlights the more inclusive nature of the AUU compared to the ANF (Figure 4).

Figure 4 – *Beneficiary households by family social benefits transitions and household characteristics. Years 2021 and 2023.*



Percentage values per 100 households with same characteristics.
Source: Authors' elaboration on IT-SILC longitudinal data.

[3] Households receiving both measures (ANF and AUU) in 2023 are assigned to the category corresponding to the benefit received most predominantly. New beneficiaries are households receiving AUU in 2023 and nothing in 2021.

Newly eligible families or those shifting from ANF to AUU are mostly couples with at least one child, single-parent families and families with minors. In families with elderly members, ANF access is more common (54.3% with one elderly person, 87.0% with two or more). Among families mainly supported by self-employment, 79.1% are newly eligible, while most families relying on dependent employment transitioned from ANF to AUU (55.0%).

5. Winners and Losers in Italy's AUU Reform

This section examines households with children who underwent the transition from the former family allowance to the AUU, assessing the reform effects based on their distribution across loss, neutral, and gain brackets. Specifically, households are classified according to the difference in annual benefit amounts, both extra-fiscal and total, received in 2022 and 2023 (i.e., during or after the reform), relative to the baseline year 2021 under the previous policy framework.

Table 2 – *Household Gain/Loss Distribution by Class and Benefit Type (2022-23 vs'21).*

Gain and Loss Categories	Only Benefits (2022 vs 2021) %	Only Benefits (2023 vs 2021) %	All Measures (2022 vs 2021) %	All Measures (2023 vs 2021) %
Loss > € 2,000	1.2	1.0	3.5	3.2
Loss (€1,000 -| €2,000)	1.6	2.0	12.5	11.9
Loss (€250 -| €1,000)	5.4	4.1	12.2	12.4
Near balance (± €250)	9.2	8.5	16.0	13.9
Gain (€250 -| €1,000)	24.7	17.1	19.7	16.5
Gain (1,000€ -| €2,000)	28.8	27.4	20.3	18.0
Gain > € 2,000	29.1	39.9	18.8	24.1

Source: Authors' elaboration on IT-SILC- longitudinal data

The results indicate that, when the reform effects is assessed solely based on social benefits, a more optimistic picture emerges, with a small share of households (8.2% in 2022 and 7.1% in 2023) incurring a monetary loss of at least €250 per year (Table 2). However, when the full set of measures – both fiscal and social protection – is considered, a more pessimistic outcome appears. A substantial share of households experienced losses exceeding €250 in 2022 and 2023, with 27.8% and 27.1% of households, respectively, incurring such losses. The comparison between the baseline scenario (current policy) and the alternative scenario (without ANF/AUU transfers over the next two years) shows substantial changes in key poverty indicators: the poverty rate (H), the poverty gap ratio (IGR), and the Gini coefficient. In the absence of ANF/AUU transfers, poverty indicators, both the rate and the gap (IGR), increase compared to the baseline, with the gap between the two

scenarios widening from 2021 to 2023 (Table 3). Additionally, the removal of ANF/AUU transfers results in progressively higher Gini coefficients in the alternative scenario, indicating growing inequality over the period considered.

Table 3 – *Impact of ANF/AUU Removal on Poverty and Inequality Indicators (2021-23).*

Scenario	H[(a)] 2021	IGR[(b)] 2021	Gini 2021	H[(a)] 2022	IGR[(b)] 2022	Gini 2022	H[(a)] 2023	IGR[(b)] 2023	Gini 2023
Baseline	20.39	0.333	0.329	19.47	0.306	0.313	18.77	0.325	0.316
(-)ANF/AUU	21.36	0.335	0.330	21.12	0.333	0.320	21.51	0.354	0.325

(a) H=Head count ratio; (b) IGR=Income Gap Ratio
Source: Authors' elaboration on IT-SILC longitudinal data

6. Empirical Issues and Econometric Strategy

The findings from the descriptive analyses provide an initial interpretation of the redistributive dynamics potentially generated by the introduction of the universal allowance, highlighting variations in the levels of economic support for families and beneficiary profiles. However, to strengthen the interpretation of the reform's effects through model-based empirical analysis, the analysis was supplemented with statistical models capable of capturing both poverty dynamics and the net impact of the measure on the family support system. The analysis is structured in two distinct phases. The first in-depth examination focuses on poverty mobility in 2023 compared to 2021. To this end, a logistic regression model was estimated, where the dependent variable is the probability of being at risk of poverty among individuals who were not in the previous two-year period. This strategy allows us to explore the association between the reform and changes in economic vulnerability, while controlling for a broad set of covariates. The econometric specification is:

$$logit(p) = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 BENEFIT + \beta_2 X_1 + \beta_3 X_2 + \cdots + \beta_8 X_7 + u_i$$

where p indicates the probability that an individual enters the condition of poverty compared to the previous two years during which they were not in such a condition. The $BENEFIT$ variable reflects the type of family benefit received between the two observed years (2023 and 2021). This variable has four categories: No benefit received (reference category), New AUU beneficiaries, Beneficiaries ANF switched to AUU, and ANF beneficiaries (see note 3). The explanatory variables $X_1, \dots, X_7$ were selected from those identified in the literature as key determinants of poverty mobility dynamics. In addition to individual and family characteristics (e.g., age, gender, marital status, household composition, number of children) and socio-economic factors (e.g., education level, household labour market participation, and

health status), the literature (Bane and Ellwood, 1986; Giraldo *et al*, 2007; Polin and Raitano, 2014) highlights two types of events occurring during the observation period that are particularly relevant for predicting poverty transitions: family formation events (e.g., divorce, separation, or changes in household composition) and labour market events (e.g., increases or decreases in the number of employed adults within the household or in the number of working hours). Individual and household characteristics were measured at the baseline year (2023). Using the stepwise selection method, the control variables included in the analysis are: household composition changes, variation in the number of income earners, presence of minors and elderly members, gender and age of the individual, and the educational attainment of the household's main income

Secondly, a Difference-in-Differences (DiD) model was employed to estimate the reform's impact on monetary transfers linked to family burdens. DiD is a widely used methodology to measure the impact of a "treatment", such as the introduction of a public policy, on a group receiving it (treated group), compared with a control group not exposed to the treatment (Imbens and Jeffrey, 2009). Both groups are observed before and after the treatment introduction, allowing for the estimation of a differential change. The econometric specification is:

$$y_{it} = \beta_1 + \beta_2 Treated(AUU\ beneficiaries) + \beta_3 Post(2023) + \beta_4 Treated(AUU\ beneficiaries) * Post(2023) + \gamma X_{it} + \varepsilon_{it}$$

To analyse the reform's effect on household economic conditions, two specifications of the DiD model were adopted: one measures the effect on the total amount of transfers for family burdens (both social and fiscal), and the other focuses only on fiscal transfers. Control variables include both the squared of the household net income, expressed in thousands, and the number of minor children.

7. Estimation Results: AUU Reform, Poverty Risk, and Family Transfers

The Table 4 presents the results of the logistic regression, where the effects of independent variables are expressed in odds ratio, allowing the estimation of the relative impact of each factor on the probability of being at risk of poverty. The new AUU beneficiaries appear to be least likely to fall into economic vulnerability, followed by those transitioning from ANF to AUU. Conversely, ANF beneficiaries exhibit higher odds of entering poverty. As for the control variables, the results align with literature findings: a decrease in the number of income earners in the household, an increase in household size, and the presence of minors are all factors associated with a higher risk of poverty. Higher education levels serve as a protective factor, substantially reducing the probability of economic distress.

Table 4 – *Probability that a person became at risk of poverty. Odds ratio.*

Parameter	Analysis of MLE			Odds Ratio Estimate		
	Estimate	Standard Error	P-value	Point Estimate	95% Wald Confidence Limit	
Intercept	-2.3448	0.1489	<.0001	-	-	-
ANF	0.5347	0.1326	<.0001	1.707	1.316	2.213
ANF switched to AUU	-0.6572	0.1618	<.0001	0.518	0.377	0.712
New AUU	-0.7713	0.1676	<.0001	0.462	0.333	0.642
Δ household size	-0.8255	0.1019	<.0001	0.438	0.359	0.535
Δ earners number	1.7042	0.0884	<.0001	5.497	4.623	6.536
At least high school	-1.0217	0.0867	<.0001	0.360	0.304	0.427
Female	0.1704	0.0825	0.0389	1.186	1.009	1.394
Age	-0.00452	0.00259	0.0811	0.995	0.990	1.001
Minors	0.3988	0.1455	0.0061	1.490	1.120	1.982
Elderly	-1.2088	0.1260	<.0001	0.299	0.233	0.382

Source: Authors' elaboration on IT-SILC longitudinal data.

Table 5 – *Difference in Difference model.*

VARIABLES	(1) Social and Fiscal Benefits	(2) Social and Fiscal Benefits	(3) Tax Relief	(4) Tax Relief
Post (2023)	-0.0675***	-0.0621***	-0.0621***	-0.0512***
	(0.00342)	(0.00348)	(0.00348)	(0.00261)
Treated	1.429***	0.748***	0.780***	0.679***
(AUU)	(0.0380)	(0.0494)	(0.0226)	(0.0251)
Post (2023) X Treated	1.291***	1.363***	-0.736***	-0.727***
(AUU)	(0.0458)	(0.0465)	(0.0205)	(0.0201)
One minor		0.178***		0.0332*
		(0.0431)		(0.0186)
Two minors		1.379***		0.215***
		(0.0711)		(0.0266)
Three or more minors		3.511***		0.400***
		(0.262)		(0.0803)
Squared Net Income		-7.01e-09***		2.47e-10
		(1.81e-09)		(3.29e-10)
Constant	0.161***	0.155***	0.128***	0.125***
	(0.00453)	(0.00552)	(0.00379)	(0.00379)
Observations	23,964	23,964	23,964	23,964
R-squared	0.450	0.553	0.223	0.235
Adj. R-squared	0.450	0.553	0.223	0.235

*Robust standard errors clustered by household in parentheses. *** p<0.01, ** p<0.05, * p<0.1.*
Source: Authors' elaboration on IT-SILC longitudinal data.

8. Conclusion and Policy Implications

The introduction of the AUU represents a significant institutional change in Italy's family support system, aiming to establish a more universal, equitable, and accessible framework in comparison to the previous family support measures. By replacing instruments such as the ANF and tax deductions, the reform expanded coverage, especially among previously excluded groups such as the self-employed and low-income families.

The analysis, based on longitudinal IT-SILC data, indicates a marked increase in families receiving support, particularly among vulnerable groups. The AUU also appears to have increased the incidence of transfers relative to household income, strengthening its role—at least in the short term—as a key instrument for households with children, especially those in the lower income deciles. However, shifting from a mixed system of fiscal and social measures to a single cash benefit entailed trade-offs: over one-quarter of households with children saw their total benefit (fiscal and social) decrease by more than €250 annually. The econometric models suggest that the AUU is associated with a lower probability of entering poverty for both new recipients and those transitioning from the ANF, alongside an average increase in annual family transfers of around €1,350.

Overall, the AUU appears to have steered Italy's family policy in the direction of greater universality and inclusion. Nevertheless, trade-offs between simplification, equity, and fiscal neutrality remain, and may have introduced new disparities or reinforced existing ones. To ensure the benefit remains adequate and equitable in the long run, continuous evaluation and policy fine-tuning will be necessary. Finally, as Saraceno (2022) points out, monetary support for children alone is insufficient; it must be part of a broader system of services facilitating women's work-family reconciliation. A promising direction for future research will be to assess the demographic and fiscal sustainability of the AUU over the long term, especially in light of Italy's evolving socio-economic context.

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