

Giuseppe Russo Ivan Lagrosa
Alessandro Stanchi

THE POTENTIAL OF DOMESTIC WORK

Intervention proposals

foreword by Alfredo Savia



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ASSOCIAZIONE NAZIONALE DATORI DI LAVORO DOMESTICO



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Foreword

by Alfredo Savia*

Investigating domestic work today means bringing to the attention of public decision makers – and all of us – two central pillars of our democracy: the *family* and the *revenue authorities*. Nuova Collaborazione, since its inception in 1969, has been addressing this issue. As an association of domestic work employers in Italy, in addition to having as its goal a national collective bargaining agreement for the sector – obtained in 1974 – it wanted a proper economic relationship with the workers who work inside our homes to be perceived as a civic issue.

Our Constitution gives the family several recognitions, especially in Article 31, which states that the Republic “shall facilitate by economic measures, and other provisions, the formation of the family and the fulfillment of its duties, with particular regard to large families.” And further: “It shall protect maternity, infancy and youth”; the Fundamental Charter goes on to state, “by fostering the institutions necessary for these purposes.”

* *National president of Nuova Collaborazione*

That's it: the family has a central role; it cannot be replaced nor "privatized." All the more so now, with the inverted demographic pyramid, the aging population, and the increasing numbers of elderly people who we need to take care of. Family policies, in Italy, have often been left behind, lacking a broad vision, being limited to anti-poverty measures and without structural interventions. The problem every year, punctually, comes up again at the time of the budget law discussion. And it is a paradox, as well as short-sightedness on the part of public decision makers: because, in the end, it is precisely the family that is considered a social shock absorber.

This is why, in recent years, we have decided to commit in an even more timely manner to supporting families. By participating, for example, in the *Patto per un Nuovo Welfare sulla Non Autosufficienza* (Pact for a New Welfare on Non-Self-Sufficiency), signed in July 2021 by a broad social coalition, conceived and coordinated by Cristiano Gori; and always trying, in the annual national conferences we organize, to involve the Forum of Family Associations, scholars and organizations that care about the future. Yes, because working for the family means ensuring a positive impact on our society: it helps to create mature adults, ensure the birth rate, and prevent social and health costs for the community.

Unfortunately, and this is a historical fact that urgently needs to be reversed, the debate on the family and the policies needed to support it, in Italy, has always turned out to be highly ideological and polarized. This is why we believe it is necessary to contribute research that will help – through data, evidence, and proposals – to identify new pathways. There is, moreover, also a fundamental issue of *equity* that needs to be introduced into the reasoning. Those who use their income to invest in activities that generate something positive – something “good” – that goes on to affect the general interest of society are entitled to tax breaks. Isn’t offering regular, paid work, with nearly a million contracts in Italy, largely allocated for the care of the elderly, a “good” that should be protected, recognized, incentivized?

Yes. If we think about it, the etymon of tax (*fisco*) means “basket” (*cesto*), “treasure of the state.” It hints at the idea of community, of genuine democracy; it hints at the covenant whereby each citizen makes a portion of his or her income available to society, so that it can be used for initiatives for the common good. So that there are schools that are not dilapidated, so that there are efficient public services, adequate health care, safety in cities, modern infrastructure, sustainable mobility. This is why in 2007, Tommaso Padoa-Schioppa went so far as to say that taxes are a “beautiful thing.” A furious controversy ensued, because in our country, in addition to the dangerous trend of evasion and the shadow economy, there is still a problem of fairness of the revenue

authorities, which must be placed at the center of the reforms we are thinking about.

And here the family plays a central role. Because by performing genuinely public functions – education, sheltering and caring – it actually saves public spending. By contrast, now the cost of domestic work is almost entirely borne by families. The benefits provided nationwide are basically two, and very meager. They concern, in a first case, the employer of a caregiver for a dependent person, who can deduct from the gross tax 19% of the expenses incurred, to a maximum amount of €2,100 per year. With one limitation, however: they can take the deduction only if their total income is less than €40,000. Considering that the annual cost of a cohabiting caregivers exceeds €18,000, this is still far too little aid. Then there is, and this is the second case, the possibility of deducting from income the sums paid in the year as contributions to the worker or employee, up to a maximum amount of €1,549.37, and only in relation to the employer's share.

This is the scenario in which – as Nuova Collaborazione – we decided to entrust researchers from the Centro Einaudi in Turin with a study that would help situate domestic work in the Italian and international context, and then come up with some very concrete proposals. Today there is a need as never before – the political economist Luigi Einaudi himself not surprisingly reminds us – to “know in order to deliberate.” The domestic work sector, however, is among those most harmed by undeclared positions and irregular work: it is estimated that a figure similar to that of the

number of reports registered with the The National Institute for Social Security (INPS) – therefore almost a million – are irregular. A situation that endangers both the worker and the employer, who both find themselves without guarantees and protections, a circumstance that is far more serious because it is often in the area of elderly or child care.

The path of fiscal support – devised in an increasingly structural way – would encourage the emergence of “under-the-table” labor while allowing the family to be able to devote itself to work and career, delegating the care of the home, the care of their children or elderly parents to qualified personnel: domestic helpers, babysitters, and caregivers. What is highlighted in this study is marked by realism – we know very well the condition of the state’s coffers – but also by the need to identify viable and countercurrent paths soon. We are in a period of great uncertainty, but this should not limit our ability to look ahead to improve the situation.

The proposed interventions, as you will see, are accompanied by appropriate simulations. They aim to provide important incentives – in the case of both child and elder care – for care services as a means of freeing up time (within the household) to devote to the labor market. In a context of limited public resources, we believe it is appropriate for these to be directed toward areas of expenditure that have positive externalities for the community as a whole and not merely to distribute resources to particular interest groups. In this context, broader labor market participation is among the key challenges of a society in which life

expectancy is increasing and the birth rate, unfortunately, is declining ever more sharply. The cost of intervention, therefore, must be assessed in light of broader goals than just assistance. Indeed, reimbursement rates specific to each employment situation, and to each band of economic wealth – if adopted – could be reshaped according to different policy interests, and according to the availability of public finance. In this context, the articulated suggestion of a “*zainetto fiscale*” (fiscal backpack) to bring Italy closer to the most effective family tax formulas provided in Europe also becomes particularly appealing.

There is little need to beat around the bush. The family and domestic work constitute a strategic crossroads, an indicator of whether we really – as a country system – desire to build a future for the generations to come. Also because, in our sphere, there is an additional issue that is as strategic as it is divisive in the debate: immigration. Migration flows should be structured by identifying their intelligent management as a potential resource to offset demographic balances and an aging population. Our position is clear: the flow decrees, which annually define the transitional programming of the entry of non-EU workers into Italy, must provide adequate quotas dedicated to domestic work on an ongoing basis, which has not been the case for some time.

In short, we passionately and civically entrust these pages to anyone who cares about building a modern, supportive, and concrete Italy. Will we find fellow travelers willing to work in this direction?

Chapter One: Domestic work in Italy

by Ivan Lagrosa

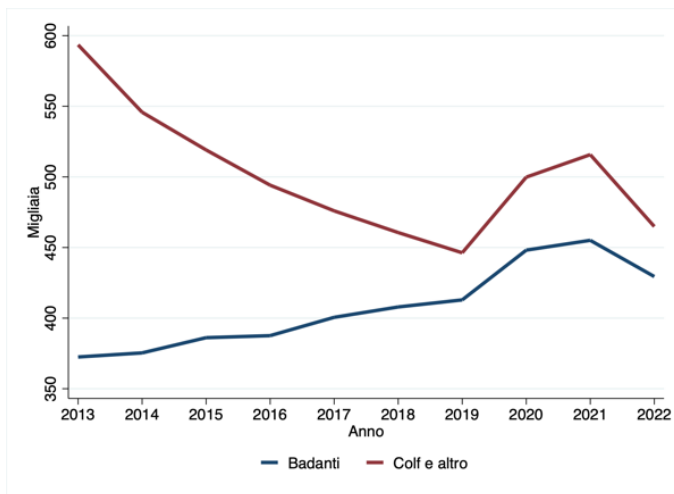
The scope of domestic work is wide and varied. We consider domestic workers not only the workers involved in the ordinary tasks of a household – waiters, domestic helpers, caregivers, babysitters, cooks – but also professional figures such as drivers – in case the service is in the exclusive or prevalent service of a family – gardeners, janitors, and doormen of private homes. What are the numbers related to domestic work in Italy? And how have they evolved over the past decade? In the following paragraphs we offer

an overall mapping of the phenomenon, combining different sources of administrative and sample data.

1.1. The spread of domestic work

According to the data from the latest INPS annual report on domestic work, Italy had a total of 894.000 domestic workers in 2022, including 429.000 caregivers and 465.000 domestic helpers. The data groups caregivers and babysitters into a single category – since their legal frameworks can overlap – and covers domestic workers who received at least one social security contribution payment during the reported year. Widening the view to the last decade (Figure 1), net of the pandemic period, we observe a slight but steady growth in the number of caregiver/babysitter workers and a marked decline in the number of domestic helpers. The latter category also encompasses the rare cases in which the type of relationship is not indicated.

Figure 1. Contract activations for domestic workers.



Source: INPS Observatory

Fig. 1

Thousands

Caregivers

Domestic Helpers and Others

On the one hand, the steady increase in the number of caregiver workers is consistent with a generalized aging of the population, which is accompanied by increasingly widespread care and assistance needs. On the other hand, the data emerging from INPS observers, in relation to the decline in the number of domestic helper workers may be due both to a decreased use of this type of work by Italian families and, more likely, to an increasing number of people who work without a regular contract and who are therefore not tracked by the Social Security Institute. The field of domestic work is in fact strongly characterized by a component of shadow economy.

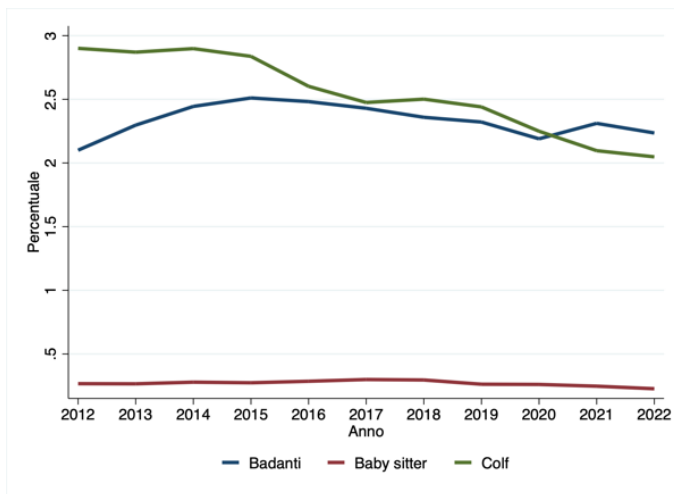
To better understand the relative weight of the domestic sector in our economy, it is useful to go beyond the absolute number of workers and relate domestic workers to employees employed in other sectors. To do this, we shall first focus on new contract activations recorded by INPS. In particular, we shall consider the average number of new contracts activated in the domestic sector, and the average number of new contracts that were activated for employees in other sectors of the economy. On average, over the 2012–2022 period, for every 100 contracts activated for employees, 4 contracts corresponded to domestic helpers and about 5 to caregivers.

These numbers related to contract activations provide a useful snapshot for measuring the prevalence of domestic work in our economy. However, on the one hand, the figure captures only the formally registered contracts, thus leaving all unregistered workers or those employed irregularly out of the analysis sample. Second, the figure on activations is strongly influenced by the duration of the contracts themselves. In particular, very short contracts and even several contracts running at the same time because they are only a few hours long, can inflate the number of activations observed in the data, without there being a significant increase in the actual number of workers employed. In other words, in the case of very short contracts and/or multiple contracts running

simultaneously, the same worker may have numerous contract activations during his or her career.

It is therefore useful to compare the INPS administrative data on contract activations with the data on the stock of workers employed at a given historical point in time, as made available by ISTAT as part of the Labor Force Survey. In addition to providing an estimate of the actual number of workers, regardless of how many contracts are activated, the Institute of Statistics provides data on the employment of employees that is not limited to regular contracts, and therefore captures a more accurate measure of the phenomenon of interest. In addition, the ISTAT data allow for the separate identification of caregiver workers and babysitter workers, by using the information provided about occupational classification. According to ISTAT data, about 5 percent of employed workers were found to be employed in the domestic sector in 2020. Specifically, 2.1 percent as domestic helpers (domestic and assimilated professions), 2.6 percent as caregivers (personal care workers), and the remaining 0.3 percent as babysitters (child care workers and assimilated professions) or other (companionship and qualified family service personnel). The figure emerging from the time series (Figure 2) also clearly shows how the increase in contract activations recorded during Covid was not accompanied by an actual increase in the relative labor force in the domestic sector.

Figure 2. Percentage of domestic employees



Source: own elaborations on LFS ISTAT data

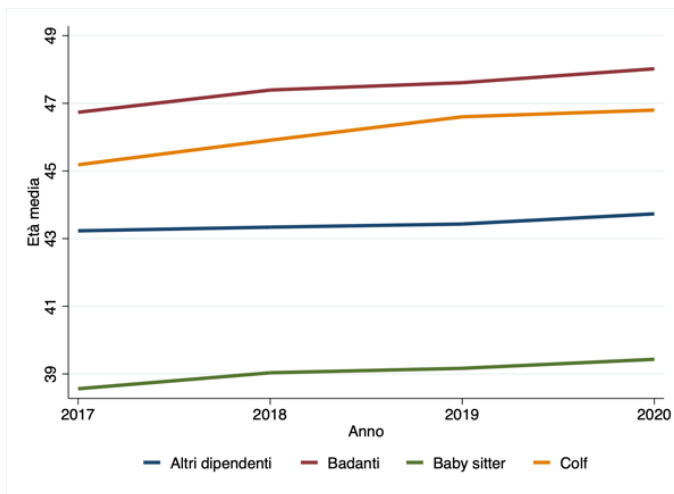
Fig. 2
 Percentage
 Caregivers
 Babysitters
 Domestic Helpers

In relative terms, we can therefore conclude that the domestic sector employs a small but not insignificant percentage of employees. Moreover, net of the sector's weight in terms of labor force, the domestic sector has important specificities, both in terms of the demographic and social characteristics of the workers employed, and in terms of the type of tasks performed by these workers. It is on these specificities that we now want to focus.

1.2. Demographic characteristics of domestic workers

A first feature of the domestic service sector that emerges, if compared to other types of workers, concerns the average age. For domestic helpers, the average age at the time of activation has risen from around 40 years in 2012 to 44 years in 2021. For caregivers, on the other hand, the average age rose from about 44 in 2012, to an average age of about 50 in 2021. The average age in the case of caregivers, on the other hand, is markedly lower, standing at 39. Data on the average age of domestic workers should be read in relation to the average age of employees engaged in other sectors of the economy. For these, the average age is about 43, and remains stable over the period under consideration. Net of the few workers employed as babysitters, the domestic work sector is thus characterized by workers who are on average older than those in the rest of the economy (Figure 3).

Figure 3. Average age of domestic and non-domestic workers



Source: own elaborations on LFS ISTAT data

Fig. 3

Average Age

Other Workers

Caregivers

Babysitters

Domestic Helper

A second obvious specificity of the domestic sector concerns gender. Among employees in the non-domestic sector, about 45 percent are female. However, this percentage rises above the 90 percent threshold among domestic helpers, and above the 91 percent threshold among domestic caregivers. Among babysitters, on the other hand, 93 percent are women.

Finally, looking at the geographical distribution of domestic work, and again in relation to the total number of employees, a prevalence of the domestic sector emerges in the central regions. There, 3.4

percent of employees are employed as domestic helpers (in the other macro-regions of the country, the same percentage drops to 2 percent), 2.6 percent as caregivers (compared to 2.3 in the north and in the south) and 0.3 percent as babysitters (in the south the percentage is similar, while it drops to 0.2 percent in the north of the country).

Workers employed in the domestic sector are, therefore, relatively older than workers employed in other sectors of the economy, predominantly female and more concentrated in the central regions of the peninsula.

1.3. Domestic employers

The data so far proposed, regarding the composition of the domestic workforce, are often made available by institutional bodies without the possibility of comparing the socio-demographic characteristics of domestic workers with those of their employers. Therefore, to introduce this additional perspective of analysis, we collected original data through a questionnaire submitted to a sample of households employing domestic workers. In what follows, we introduce some initial results that came from the survey, which was carried out during April–May 2023 in the territories of Piedmont and Lombardy. In this context, the unit of analysis is the household within which at least one domestic worker

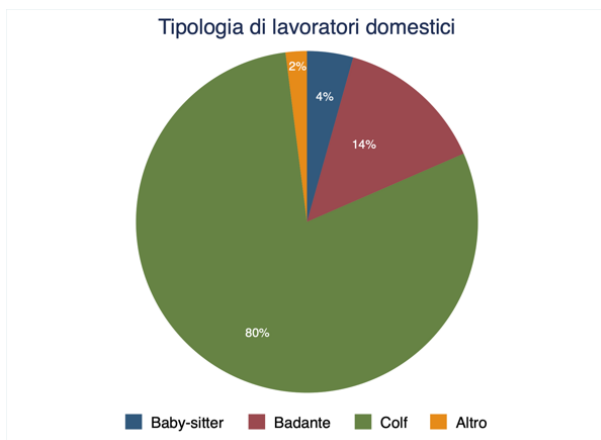
is employed. By its nature, the sample includes only households with at least one domestic worker employed.¹

In this case, the classification of different types of domestic workers follows what was reported directly by the households surveyed, and thus does not refer to any occupational classification.

The data collected shows that 80 percent of the sampled households have a domestic helper employed, 14 percent a caregiver, 4 percent a babysitter, and a remaining 2 percent other types of domestic workers such as cooks, drivers, or gardeners (Figure 4). Interestingly, the prevalence of households with a domestic helper is accompanied by a relatively lower number of domestic helpers, in the ISTAT Labor Force data, than of caregivers. In other words, against a relatively low number of domestic helpers we find a relatively high number of households with this type of domestic worker in their employ. Net of a different analysis sample, the combination of these two data sets can be interpreted in light of the fact that the same domestic helper often turns out to be employed in different households. A relatively low number of domestic helpers is thus accompanied by a relatively high number of households relying on this type of domestic worker.

¹ The survey was electronically submitted to 4037 households. A total of 367 responses were received.

Figure 4. Type of domestic workers



Source: elaborations on CE NC survey

Fig. 4.
 Babysitter
 Caregiver
 Domestic Helper
 Other

The category of caregiver workers can be broken down according to the person these workers provide care for. In 32% of cases the caregiver worker assists a self-sufficient person, while in the remaining 68% of households the caregiver staff assists a dependent person. Notably, in 61% of the cases, caregivers are found to be employed as untrained staff of dependent persons, and only in 7% of the cases are they trained² caregivers of dependent persons. Finally, considering the age of the person to whom the workers provide care for, in 98 percent of cases it is an elderly

² The training of personnel for the care of dependent persons, where provided for the award of the qualification, is understood to have been achieved when the worker holds a diploma in the specific field covered by his or her job. The diploma may have obtained in Italy or abroad, or provided it is an equivalent (with training courses having the minimum duration provided for by the regional legislation, and in any case not less than 500 hours).

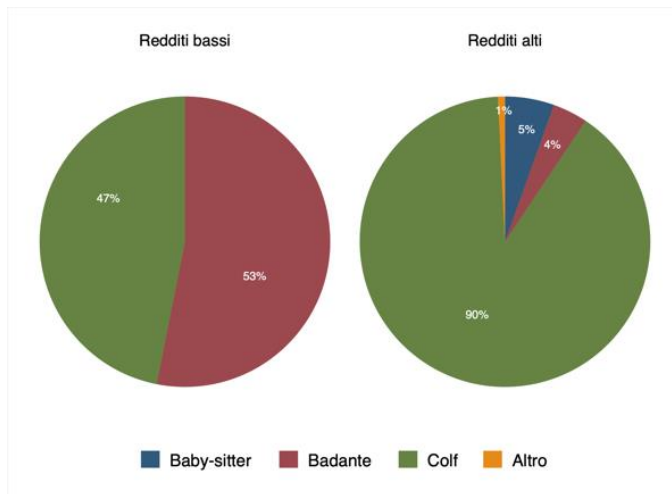
person of non-working age. In only the remaining 2% of cases, however, they are caring for a person of working age.

As anticipated, one of the main advantages offered by our survey is the ability to compare the characteristics of domestic workers with those of their employers. A first important dimension of analysis to consider is that of the income class of households employing a domestic worker. In fact, the types of domestic work are not evenly distributed among different income classes of households. For the comparison we consider in particular, on the one hand, households with a total average monthly income of less than 2,000 Euros net, and on the other hand, households with a total average monthly income of more than 5,000 Euros net. Figure 5 shows that among the lowest income households – among those with at least one domestic worker employed – we find a prevalence of caregiver workers (53 percent). In the remaining cases (47 percent), the lowest-income households rely on a domestic helper.

Considering at the opposite end of the spectrum households with relatively high incomes, in 90 percent of cases the domestic worker employed in these households is classified as a domestic helper, and the percentage of households with caregiver workers employed falls to the 4 percent threshold. On the other hand, in 5 percent of cases, higher-income households have a domestic babysitter worker in their employ, and in 1 percent of cases domestic workers who perform other types of tasks – drivers, cooks, janitors or gardeners. This initial interaction between the

type of domestic labor employed in the household and the income position of the household, shows that for households with lower incomes, the hiring of a domestic worker responds in the strict majority of cases to care and assistance needs, and not to simple support for the performance of domestic tasks.

Figure 5. Type of domestic workers by household income



Source: elaborations on CE NC survey

low income
high income

In the context of domestic work, the distinction between a luxury good and a necessity emerges most clearly from the data on whether or not private savings were used to pay the domestic worker's wages. Specifically, we asked households employing a domestic worker whether their total household income was sufficient in the past year to pay the wages owed to the domestic

worker, or whether they had to resort to private savings or borrowing instead. On average, for 78% of the households surveyed, household income was always sufficient in the past year to pay the domestic worker. In contrast, 21% of households had to draw on their own savings and 1% had to resort to external forms of financing.

Again, important differences emerge according to the income position of the household. Among the lowest income households – below the 2,000 Euros monthly threshold – 60 percent had to resort to private savings in the past year in order to pay the domestic worker. However, among the richest households – over 5,000 Euros monthly – the same percentage drops to the 10 percent threshold.

Confirming the extent to which domestic work is an essential asset for many households, the use of private savings is relatively more common for paying caregiver workers: 58 percent of households with a caregiver worker employed had to use their savings. The same percentage drops to 46 percent in the case of babysitters, and 13 percent in the case of domestic helpers.

Some types of domestic work – this is the case with caregivers and babysitters – are thus a necessary commodity for many families. On the one hand, the prevalence of domestic helpers – with whom the entire domestic work sector is often associated – is in fact predominantly concentrated among higher-income households. On the other hand, families with lower incomes are in

many cases forced to sacrifice part of their savings to support the cost of domestic workers – mainly caregivers and babysitters.

The data collected allow us to go beyond the income distribution of households and relate the type of domestic worker employed in the household to the household's position in the labor market. Looking specifically at the employment position of the main income earner within each household, it appears that about half of the domestic helpers are employed in households where the main income earner is a dependent employee. The remaining 50 percent are similarly divided between households where the main income earner is a dependent employee and households where the main income earner is instead self-employed or a freelancer. Focusing on the case of babysitters, in 85 percent of households with this type of domestic worker employed, the main income earner within the household is employed as a dependent employee. In the remaining 15 percent of cases, on the other hand, the babysitter is employed in a household where the main income earner is self-employed. The figure is consistent with the relative lack of hourly flexibility that characterizes employed work, thus making it necessary for many families to rely on outside help for childcare. In the case of self-employment, on the other hand, the greater flexibility in working hours makes it possible to manage childcare more independently. Finally, in 84 percent of households with a caregiver worker employed, the main income earner is a person who receives a pension as the main source of income. This type of domestic work

is thus confirmed to be strongly oriented toward the care and assistance of elderly people who do not live together with other household members – that, for example, is the case of elderly people living at home with their children.

Investigating household size, our sample data show that about 70 percent of caregivers turned out to be employed in one-member households, and the percentage drops to about 25 percent if we consider those employed in two-member households. In these cases, the support of the domestic worker is thus confirmed as strictly necessary and not replaceable. As for babysitters, about 90 percent turn out to be employed in households with three or four members – these are the households with children. In contrast, the relative majority of domestic helpers (about 40 percent) are employed in households with only two members.

1.4. Pay and hours of domestic workers

The last useful dimension to complete the analysis of the domestic sector in Italy concerns the pay and working hours of domestic workers. Again, the data collected through our questionnaire offer interesting insights.

Looking at the average hours worked each week, domestic helpers appear to be employed for about 18 hours, 3.7 days per week, for about 4.7 hours per day, on average. For babysitting workers, the

average hours worked each week rose to 28, while for caregiver workers, the average hours per week exceed the 40-hour mark.

Regarding wages, almost all households with at least one domestic worker employed (92 percent) pay the worker exclusively in cash. Only the remaining 8 percent of households accompany monetary remuneration with a type of in-kind remuneration – such as board or lodging. Focusing on cash wages, in our data we recorded an average wage paid to the domestic worker of €7.2 per hour. For babysitters the average wage rises to €8.3 per hour and reaches €9 per hour for caregiver workers.

The wage distribution, among the different types of domestic work that emerges from our sampling, is partially reflected in ISTAT data, where it is possible to observe the average net monthly wage, and furthermore compare it with that of employees of the non-domestic sectors. In this case, the data refers to the entire country – whereas our sampling is restricted to the regions of Piedmont and Lombardy – and considers the average monthly wage, which can thus be influenced by the hours worked in different weeks during the reference month. These ISTAT data show that, on average, over the 2012–2022 period, the average monthly wage of domestic helpers was €632, that of babysitters was €649, and that of caregivers was €865. In the area of non-domestic work, on the other hand, the average wage of employed workers rose to €1345 net monthly.

Chapter Two: Domestic work and employment

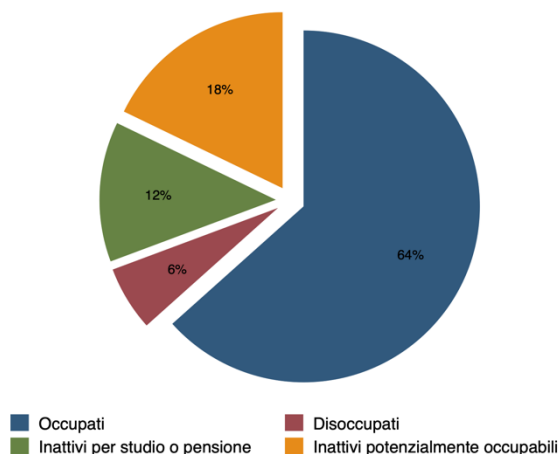
by Ivan Lagrosa

2.1. Participation in the labor market

Between 2021 and 2022, about 30 percent of people between the ages of 20 and 64 in Italy were found to be out of the labor force, i.e., without employment, and at the same time not

actively engaged in job-seeking activity, or otherwise not available for work (Rilevazione sulle Forze di Lavoro – ISTAT). When using whether or not people engage in job search activities as an indicator of their interest in being part of the labor market, there can be several reasons why people are not interested in finding a job despite not having one. Prominent among these reasons are, for example, the ones related to study and training, and the fact that some of these people are already receiving a pension, despite being relatively young. Excluding these categories of people, the inactivity rate, in the age group considered, drops to 18 percent (Figure 1). About one in four people, therefore, are out of the labor market for reasons other than study and at the same time are not receiving any pension. This is the group of inactive but potentially employable people we will refer to, later in the chapter.

Figure 1. Percentage of people by condition in the labor market.



Source: own elaborations on ISTAT data.

Fig. 1
 Employed
 Inactive due to study or retirement
 Unemployed
 Inactive potentially employable

The aggregate figure of the national average hides, as is often the case, important divergences between different demographic groups. Considering the geographical dimension, for example, the inactivity rate falls to 15 percent in northern regions and rises to 25 percent in the south. In contrast, in the central regions of the Peninsula, the inactivity rate stands at 13 percent.

The dimension of heterogeneity on which we want to dwell in this analysis, however, concerns gender. In fact, the data show that among women, the percentage of inactive people, that is not engaged in study or retirement, is 27 percent. Among men, on the other hand, the same percentage drops to

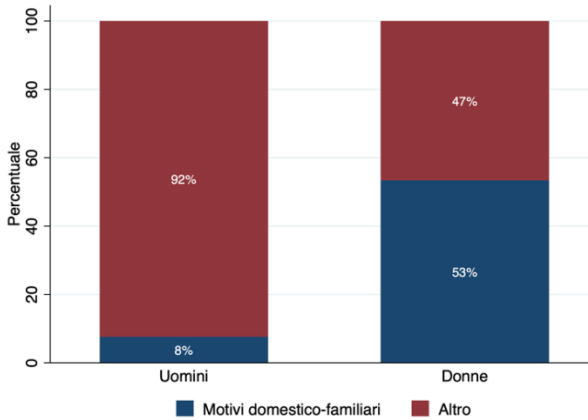
8 percent. Among female workers, therefore, the inactivity rate is about three times as high as that recorded for people of the opposite gender. About one in four women are out of the labor force for reasons unrelated to study activities and receive no retirement benefits.

What are the reasons that keep relatively so many potentially employable people out of the labor market, especially among those of the female gender? We focus in particular on motivations related to family care needs - of children or other dependent family members - or more generally to care for the domestic sphere. The goal is to analyze and quantify how much aspects related to the domestic-family dimension influence people's employment choices.

The numbers emerging in this context are significant, and show clear gender differences. In particular, among female workers outside the labor force who are not engaged in research activities – and keeping out of the analysis those who are studying or who are already retired – 53 percent of them, therefore more than one in two, report that they are not looking for a job because they are engaged in caring for family members, or in aspects related to the family and the domestic sphere. By contrast, the same percentage, among men outside the labor force, drops to 8 percent (Figure 2). Among people who indicate other reasons than those related to the domestic and familial sphere, we find those who are not looking for a job because they believe the chances of finding one are too low,

those who are waiting to return to their jobs, those who do not need to work, and those who are absent from work because they have personal health problems.

Figure 2. Reasons for non-participation in the labor market.



Source: own elaborations on ISTAT data.

Fig. 2
Percentage
Domestic/family reasons
Other

The fact that some people do not engage in job search activities, despite being without work, is generally used to indicate those who are not interested in participating in the labor market – and the data so far presented have followed this approach. However, it is worth noting that some of those who are outside of the labor force may still be available for work, although not actively engaged in a job search. The ISTAT data allow for this to be taken into account by directly surveying people’s willingness to work.

Instead of identifying people outside the labor force by whether or not they appear to be looking for one – as we did previously – we now therefore, as an alternative, identify them by their willingness to work. Even adopting this different perspective, the numbers give us a similar picture. About 21 percent of women without employment – for reasons other than study and retirement – are not willing to work. The same percentage, for men, drops to 5 percent. The care needs of the domestic-familial sphere are confirmed as one of the main reasons why women remain out of the labor force and are unwilling to work. In fact, 57 percent of them – continuing to keep out of the analysis those who are studying or receiving a pension – report that they are unavailable to work for reasons related to caring for children or other non-self-sufficient family members, or for other family needs. Among men unavailable to work, the percentage of those engaged in domestic-family work, on the other hand, plummets to 11 percent.

Regardless, therefore, of how people outside the labor market are identified, a large percentage of them – especially women – remain outside the labor market for reasons related to family care.

The same reasons that lead some people to stay out of the labor market may lead others to choose underemployment instead. In other words, deciding to work, but at reduced hours. The phenomenon is significant and affects, on average, about one in five employed Italian workers. In fact, between 2021 and

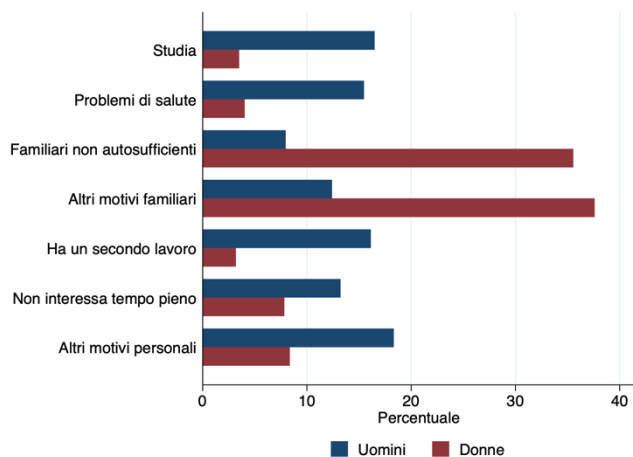
2022, about 20 percent of those between 20 and 64 years old employed with a salaried job, were found to be employed on a part-time contract. The percentage rises to 32 percent among women, while falling below the 8 percent threshold among male workers. Among those employed on a part-time contract, a narrow majority of workers (66 percent) say they are in that situation due to the lack of full-time employment alternatives.

Important gender differences also emerge in this area. Among part-time male employees, 85 percent say they work part time because they have not found full-time alternatives. In contrast, the same percentage drops to 61 percent among female part-time employees. These numbers highlight the fact that, for women, the high percentage of part-time contracts is largely due to choices made by the female workers themselves. They are not interested in finding full-time employment. Among male employees, on the other hand, the percentage of part-time contracts is due, in almost all cases, to the lack of full-time employment alternatives.

As in the case of non-participation, in the case of under-employment, choices in employment appear to be closely linked to household and/or family needs, especially in the case of women. In particular, among female employees who say they chose part-time employment, more than 70 percent had to do so for reasons related to managing children or other family members. On the other hand, the percentage of part-time male employees who chose under-employment for reasons related

to care needs in the household, stops at the 20 percent mark. Furthermore, investigating the reasons why women employed on part-time contracts voluntarily chose under-employment, it emerges that most of them made that choice in order to be able to take care of their family members or of the domestic sphere. For men, on the other hand, other dimensions appear to be more relevant in the choice of under-employment. Among other reasons, we find in particular studies, commitments related to a second job, or personal health problems (Figure 3).

Figure 3. Reasons for choosing under-employment



Source: own elaborations on ISTAT data.

Fig. 3
 studies
 health problems
 non-self-sufficient family members
 commitments related to a second job
 not interested in full-time work
 other personal motives

The data presented so far on non-participation in the labor market and underemployment highlight how there is potentially ample scope for intervention to foster more robust labor market participation of large segments of the population, particularly among women. In this context, taking care of the domestic-familial sphere turns out to be among the main reasons why many people choose to limit their work commitments. Facilitating families' use of domestic helpers, in order to free up time to invest in the labor market, appears to be one of the possible measures to put in place. The objective of the intervention would be to promote both extensively – an increase in employment rate – and intensively – an increase in hours worked.

In the following sections, we will directly and thoroughly investigate the role of domestic work in this area. To do so, we again rely on the original data collected by surveying a sample of Italian households, which employ at least one domestic helper. By using this data, we can indeed shed light and accurately quantify for the first time the role of domestic work on the employment choices of households.

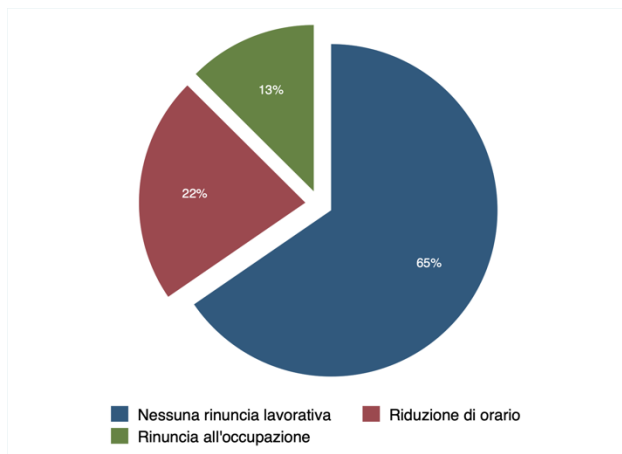
2.2. The role of domestic work

In taking a snapshot of the characteristics of households with at least one domestic helper – domestic helper, caregiver, or babysitter – we investigated in particular how close the link is

between the opportunity to delegate some of the tasks deemed necessary in the domestic-familial sphere, and the possibility for household members to employ themselves in the labor market.

A first important aggregate appearing from the survey concerns the cost, in employment terms, of losing the support of the domestic helper. Specifically, in the absence of the domestic worker's support, in 35 percent of the households surveyed at least one household member would have to reduce working hours (22 percent) or give up employment altogether (13 percent). Lacking the support of the domestic worker, therefore, more than one in three respondent households would see a reduction in their possibility to contribute to the labor supply, either in the intensive margin – with a reduction of working hours – or in the extensive margin – with fewer people employed within the household (Figure 4).

Figure 4. Potential effect of domestic worker absence.



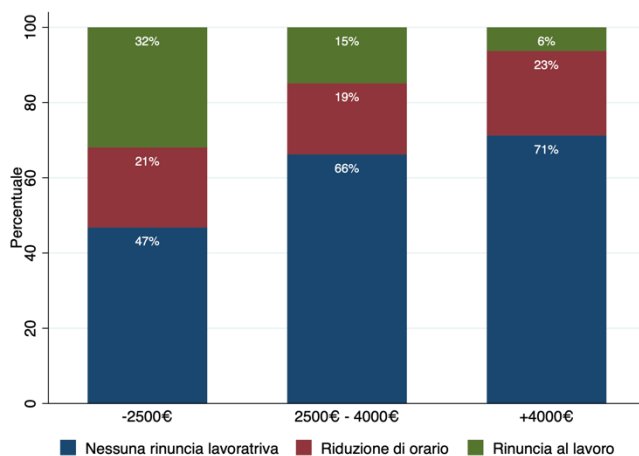
Source: own elaborations on Centro Einaudi survey for Nuova Collaborazione.

No relinquishment of work
Giving up of employment
Reduction of working hours

Taking this evidence as a starting point, the data collected allow for a more in-depth investigation of the phenomenon. A first dimension of interest relates specifically to the income class of employer households. Specifically, our data show that the households in which the domestic helper is relatively more important in order to enable the different members of the household to invest time in the labor market, are those that are economically less solid in terms of income. It would be these households that would have to reduce their work commitment the most, in the absence of the domestic helper. Figure 5 shows, in fact, that among households with a total average income of less than €2.500 per month, the percentage of those in which at least one household member would have to reduce working hours or give up employment altogether, in the

absence of the helper, is about 50 percent – the sum of the red and green bars, in the figure. In about one in two (relatively) low-income households, therefore, in the absence of the domestic helper, there would be a reduction in the workload of at least one of the household members, in the intensive or extensive margin. The same percentage falls just below the 30 percent threshold among the wealthiest households, those with total incomes above €4,000 per month.

Figure 5. Potential effect of domestic worker absence -
Household income



Source: own elaborations on Centro Einaudi survey for Nuova Collaborazione.

<ul style="list-style-type: none"> No relinquishment of work Giving up of employment Reduction of working hours
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A first aspect that can explain this finding is related to the fact that higher-income jobs are often those that provide greater hourly flexibility, thus allowing workers to manage

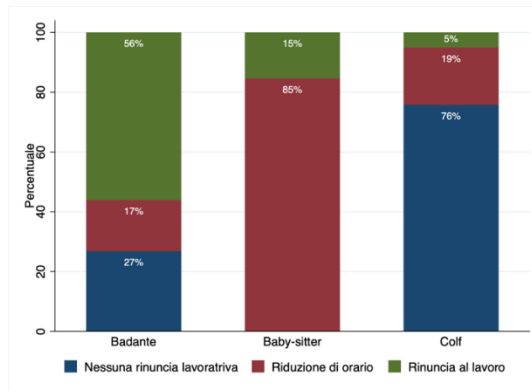
household chores without having to give up employment opportunities for this reason, even if the support of the domestic helper were lost. A second aspect to consider, on the other hand, is related to the fact that in wealthier households – in terms of income – we record a relatively high number of domestic helpers, whose support can therefore be more easily replaced by the direct engagement of household members, compared to what might happen in the event that the support of babysitters or caregivers – which are relatively more common among less affluent employer households – were lost.

In general, this evidence gathered from our analysis sample shows how an increased use of domestic work would go a long way toward boosting labor market participation, primarily among members of lower-income households. From a public intervention perspective, to encourage and facilitate the use of domestic work, our results thus show how a targeted intervention, among the lowest income groups, would have relatively large repercussions on the employment front. Among more affluent households, however, the link between domestic work and employment becomes less evident.

As suggested earlier, this link is more or less strong depending on the type of domestic helper employed within the household. In particular, our data show that the type of domestic helper that is least easily replaced by direct engagement of household members, given the same number of hours worked, is the babysitter.

Figure 6 shows that should the support of the babysitter cease, in 85 percent of the households surveyed at least one household member would have to reduce the workload. On the other hand, in the remaining 15 percent of the surveyed households, at least one household member would have to give up their employment altogether. Should the support of the domestic helper caregiver be lacking, in more than one in two households (56 percent) at least one member would have to give up their employment. In 17 percent of cases, however, at least one member would have to reduce his or her working hours. Interestingly, in the event that the support of the caregiver was lacking, the households in which at least one person would have to quit working would be more than those in which a reduction in working hours might be sufficient to meet the lack. Finally, in the event that the support of the domestic helper could no longer be relied upon, only about one in four households would reduce the working time of household members.

Figure 6. Potential effect of domestic worker absence -
Employee type



Source: own elaborations on Centro Einaudi survey for Nuova Collaborazione

No relinquishment of work
 Giving up of employment
 Reduction of working hours

Considering the cases of the caregiver and babysitter, the numbers we presented show how not being able to delegate some of the caregiving tasks to these professionals would lead, in the narrow majority of cases, to a reduction in the possibility of employment by household members. Given the significance of this phenomenon, we therefore investigated the reasons that make these caregivers so relevant to households' employment decisions. Specifically, we probed the reasons that led households to turn to these professionals, focusing only on the group of households in which the loss of the domestic helper would lead to a reduction in work commitments and thus not the entire sample of households, as done previously. In more than one third of the cases, these households turned to a domestic helper precisely because of the lack of alternatives offered by public facilities (33 percent in the case of the

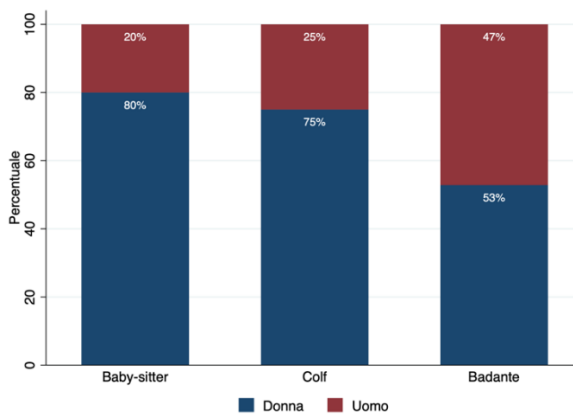
babysitter and 40 percent in the case of the caregiver). This aspect implicitly explains why some households would find themselves forced to reduce their workload in the absence of outsourced help. In the remaining cases, the domestic helper was instead hired by this group of households to complement services offered by the public sector (50 percent in the case of the babysitter and 4 percent in the case of the caregiver) or to receive better services than those offered by public facilities (17 percent in the case of the babysitter and 56 percent in the case of the caregiver).

One final dimension of domestic work and employment that is interesting to return to is that related to gender differences. Specifically, considering again only those households in which the absence of a domestic helper would lead to a reduction in workload – and not the entire sample of households – which household member would have to reduce their work hours or give up their employment altogether?

Figure 7 shows which household member would have to reduce their hours worked or give up their employment altogether if the support of the domestic helper were to be lost. In the narrow majority of cases, regardless of the type of helper considered, it would be the female member of the household who would have to reduce their labor supply – intensively or extensively. Specifically, in the event that the support of the babysitter was to disappear, in 80 percent of cases – that is, of households reporting that they would have to reduce their

workload in the absence of the domestic helper – it would be the female member who would have to reduce her work hours, potentially to zero. The percentage is similar to that in the case of lack of the domestic helper’s support (75 percent). In the event, on the other hand, that the support of the domestic helper caregiver was lacking, we see a better balancing of the burden within the household, in terms of employment. Specifically, in about one in two households (53 percent) it would be the female member who would reduce the hours worked or give up her job altogether. The percentage is, in this case, similar (47 percent) to that obtained when considering households where it would instead be the male member who would have to bear the employment cost.

Figure 7. Potential effect of domestic worker absence -
Gender



Source: own elaborations on Centro Einaudi survey for Nuova Collaborazione.

The empirical evidence emerging from our data, and presented in this chapter, suggests the potential effectiveness of public policies to foster domestic work as a tool – or intermediary good – to free up the labor force, and thus to produce new income. As shown, the impact would be especially effective among lower-income households. Furthermore, in most cases, support of the domestic worker would incentivize female employment.

Chapter Three: Labor and social spending: an international framework

by Alessandro Stanchi

3.1. The definition of domestic work in the international context

In the context of national and international statistics, the category of domestic work is difficult to frame in a single definition that is valid for all countries, because of the many differences in defining who can be labeled as a “domestic worker,” and the different ways in which labor forces are surveyed.

The International Labor Organization (ILO) talks about domestic work in Article I of the ILO Convention 189,³ and gives it a precise location:

1. the term “domestic work” means work done within or for one or more households;
2. the term “domestic worker” means any person who performs domestic work as part of an employment relationship;
3. a person who performs domestic work only occasionally or sporadically, and not on a professional basis, is not a domestic worker.

³ ILO (2011).

From a statistical point of view, limiting domestic work within households provides a convenient way to identify domestic workers within the International Standard Industrial Classification (ISIC).⁴ Section 97 includes “Activities of households as employers of domestic workers,” and they include:

- a) activities of households as employers of domestic staff: maids, cooks, valets, butlers, laundresses, gardeners, caretakers, stableboys, chauffeurs, etc.;
- b) waiters, valets, butlers, laundresses, gardeners, watchmen, grooms, drivers,
- c) janitors, housekeepers, babysitters, tutors, secretaries, etc.

It does not include the provision of services such as cooking, gardening, etc. by independent service providers (companies or individuals).

For the European bureaucracy, on the other hand, a domestic worker is one who works in the field of “*Personal and Household Services (PHS)*,”⁵ namely those services that “cover a wide range of activities that contribute to the domestic wellbeing of families and individuals: child care (CC)⁶, long-term care (LTC)⁷ for the elderly and people with disabilities, cleaning, remedial classes, home repairs, gardening, ICT assistance, etc.” The EU thus frames the domestic worker as being part of the formal labor market,

⁴ United Nations (2008).

⁵ Ad-PHS (2020).

⁶ Child care.

⁷ Long-term care.

highlighting the important distinction between care work (health care first and foremost) and non-care work (assistance with the household economy).

All definitions internationally used to identify domestic work emphasize the entity receiving such benefits, the family, and the person. The alternative approach would be to determine domestic workers on the basis of the tasks performed, and not on the basis of the entity receiving that benefit. This has a major disadvantage, however, because although some occupations are performed predominantly within households, others may also be performed outside the home: a cook may also work in a restaurant, a gardener may also work in a nursery, and a watchman may also work in an office building. This would make it difficult to distinguish domestic workers from other workers, with the risk of either over- or underestimating them.

Therefore, for the purpose of a statistical analysis of the sector that is as internationally homogeneous as possible, we use – if the data make it possible and are available in this disaggregation – the distinction by activity codes in the European nomenclature of productive activity called NACE⁸ (transposed in Italy into the Ateco, edited by Istat,⁹ and derived from that of the UN, called ISIC¹⁰). By means of this classification by work activity, the

⁸ Eurostat (2008).

⁹ Istat (2021).

¹⁰ United Nations (2008).

domestic worker is classified into three different types of employment for the family and the person:

1. residential social care (Q87, *Residential care activities*);
2. non-residential social care (Q88, *Social work activities without accommodation*);
3. domestic work in households (T97, *Activities of households as employers of domestic personnel*).

Table 3.1 shows the details of the various activities in which domestic work is divided into the international nomenclature.

Table 3.1. Classification of domestic work according to the nomenclature adopted in the statistics of the European Union (NACE)

NACE	Gruppo	Descrizione	Istat
Q		HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Q
87		Residential care activities	87
87.1		Residential nursing care activities	87.1
87.10		Residential nursing care activities	87.10 87.10.0 87.10.00
87.2		Residential care activities for mental retardation, mental health and substance abuse	87.2
87.20		Residential care activities for mental retardation, mental health and substance abuse	87.20 87.20.0

NACE	Gruppo	Descrizione	Istat
Q		HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Q
			87.20.00
87.3		Residential care activities for the elderly and disabled	87.3
87.30		Residential care activities for the elderly and disabled	87.30
			87.30.0
			87.30.00
87.9		Other residential care activities	87.9
87.90		Other residential care activities	87.90
			87.90.0
			87.90.00
88		Social work activities without accommodation	88
88.1		Social work activities without accommodation for the elderly and disabled	88.1
88.10		Social work activities without accommodation for the elderly and disabled	88.10
			88.10.0
			88.10.00
88.9		Other social work activities without accommodation	88.9
88.91		Child day-care activities	88.91
			88.91.0
			88.91.00

NACE	Gruppo	Descrizione	Istat
Q		HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Q
88.99		Other social work activities without accommodation n.e.c.	88.99
			88.99.0
			88.99.00
T		ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; UNDIFFERENTIATED GOODS- AND SERVICES-PRODUCING ACTIVITIES OF HOUSEHOLDS FOR OWN USE	T
97		Activities of households as employers of domestic personnel	97
97.0		Activities of households as employers of domestic personnel	97.0
97.00		Activities of households as employers of domestic personnel	97.00
			97.00.0
			97.00.01
			97.00.02

3.2. International demographic dynamics: a summary

Over the past twenty-two years, from 2000 to 2022, the world population grew at an average annual rate of 1.2%, from about 6.145 billion to 7.951 billion individuals (Table 3.2). Some areas, such as the Middle East and North Africa or Sub-Saharan Africa, have seen higher than average annual growth rates, while areas in Europe and Central Asia have seen the lowest growth, reaching stagnant levels. Looking at data by income bracket, one can see how growth rates are negatively related to levels of wealth and well-being; poor countries see more growth in their population than rich countries.

	Population		World share	Average annual growth rate
	million		%	%
	2000	2022	2022	2000-2022
World	6.144,3	7.951,1	100,0	1,2
East Asia and the Pacific	2.048,1	2.375,1	29,9	0,7
Europe and Central Asia	862,8	920,6	11,6	0,3
Latin America and the Caribbean	521,3	659,3	8,3	1,1
Middle East and North Africa	321,0	493,3	6,2	2,0
North America	312,9	372,3	4,7	0,8
South Asia	1.406,9	1.919,3	24,1	1,4
Sub-Saharan Africa	671,2	1.211,2	15,2	2,7
Low income	382,6	703,7	8,9	2,8
Lower-middle income	2.259,9	3.190,0	40,1	1,6
Upper-middle income	2.375,3	2.784,2	35,0	0,7
High income	1.102,1	1.244,9	15,7	0,6

Table 3.2 - World population dynamics A, 2000–2022. Author’s elaborations on World Bank data.

The population growth in poorer areas contrasts not only with the low growth in wealthy areas, but also with the age composition of the population in wealthy areas, which is strongly tilted toward the older age groups (Table 3.3): in high-income areas there is a high ratio of the number of elderly to the number of workers, and a very low ratio of young people to workers, while in poor areas the situation is the exact opposite.

	Composition of the population by years of age			Dependency rate	
	0-14	15-64	65+	youth	seniors
	%	%	%	% of population of working age	% of population of working age
	2022	2022	2022	2022	2022
World	25	65	10	39	15
East Asia and the Pacific	19	68	13	28	19
Europe and Central Asia	18	65	17	28	27
Latin America and the Caribbean	23	68	9	34	14
Middle East and North Africa	30	65	5	46	8
North America	18	65	17	27	27
South Asia	27	66	6	41	10
Sub-Saharan Africa	42	55	3	76	6
Low income	42	55	3	76	6
Lower-middle income	30	64	6	46	9
Upper-middle income	20	68	12	30	17
High income	16	65	19	25	30

Table 3.3 - World population dynamics B, 2000–2022. Author’s elaborations on World Bank data.

All this leads one to be able to say that, in the near future, the demand for services for the elderly will be increasingly high, and increasingly coming from high-income areas, and that this demand

cannot be met by local workers alone, but there is increasingly room (in theory) for young labor resources coming from upper-middle, lower-middle, and low-income countries: the hypothetical labor flows (not only for the elderly and family care sectors) are potentially immense, since the population of these three categories of countries amounted to 84% of the world's population in 2022.

3.3. Social spending in the OECD area¹¹

The category of domestic work can be healthcare-welfare, or supporting the daily life of households: in the first case, the related expenditure constitutes the category of social expenditure, which can be either public or private, depending on whether it is borne by the public or private sector.

According to the OECD definition, public social spending is a measure of the effort by which countries take responsibility for sustaining the living standards of disadvantaged or vulnerable groups, and includes cash benefits, direct in-kind supplies of goods and services, and tax breaks with a social purpose: its benefits may be for low-income households, the elderly, the people with disability, the sick, the unemployed or the young. To be considered “social”, programs must involve a redistribution of resources

¹¹ The *Organisation for Economic Co-operation and Development* (OECD) is an international organization whose members are developed countries sharing a market economy: it is mainly concerned with collecting data on various economies and carrying out economic studies. It was founded in 1948 as the *Organization for European Economic Cooperation* (OEEC) to oversee the management of U.S. Marshall Plan aid to Europe, and to assist member states. In 1961 it changed its name to its present one.

among households or mandatory participation. The distinction between public and private social spending is based on the source of control of the related financial flows: public institutions (the various levels of government and social security funds) or private entities (nongovernmental organizations, including charities, employers, and private health and pension funds). All social benefits that are not provided by government, therefore, are to be considered private (private transfers between households are not considered social spending). Finally, total net social spending includes both public and private spending, and takes into account the effect of the tax system, through direct and indirect taxes, and tax breaks for social purposes.

In 2022, social spending of a public nature averaged about 21% of GDP across the OECD area, and, since the onset of the Covid-19 pandemic, the ratio of public social spending to GDP has significantly increased (Figure 3.4). On average, across the OECD area, the ratio of public social spending to GDP has increased by nearly 3 percentage points, from about 20% in 2019 to 23% in 2020: of this change, about 2.5 points were caused by an increase in public social spending, while 0.5 points were attributable to a decrease in GDP. After the initial increase due to the pandemic outbreak, the expenditure/GDP ratio declined almost as quickly as it increased: public social spending fell from 23% in 2020 (the average in the OECD area) to an estimated 21% in 2022. This development is in stark contrast to the aftermath of the 2008–09 global financial crisis, which swung in the opposite direction: in that period, the ratio of

public social spending to GDP increased from 17.7% in the year 2007, to 20.6% in 2009, but in subsequent years the ratio dropped to 20% (in 2011 alone), and remained at this level until the outbreak of the pandemic. These different dynamics are largely related to a much stronger economic recovery after the pandemic than after the previous global financial crisis of 2008–09, and a slowdown in the pace of growth of public social spending, in real terms, after peaking in 2020–21 (Figure 3.4) – in part caused by a sharp pickup in inflation in 2022. For the OECD area, real public social spending increased by 11% in 2020, and by a further 4% in 2021, before falling by 2% in 2022. Over the same period, real GDP decreased by 4% in 2020, and then increased by 6% in 2021, and by a further 3% in 2022, with very different dynamics from country to country.

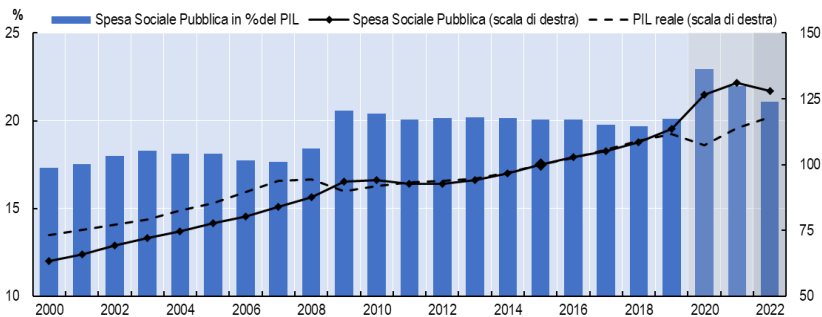


Figure 3.4. Public social spending as percentage of GDP, real public social spending, and real GDP (index, 2015=100, right-hand scale), OECD average 2000–2022. Source: OECD.

Looking at the change in the ratio of public social spending to GDP across countries (Figure 3.5), it can be seen that between 2019 and 2020, Canada (6.2%), Spain (6.5%) and the United States (5.7%) experienced the largest increases, while in most other countries the ratio declined in 2021. Chile is the main exception: there, the public sector social spending continued to increase even after the first wave of the pandemic, such that between 2019 and 2021 the ratio increased by nearly 8 percentage points. In contrast, Denmark, Norway, and Sweden were the only countries to record a continued decrease in the ratio of public sector social spending to GDP, albeit by a small amount (less than 1 percentage point) over the 2019–2021 period.

The increase in public social spending in 2020 was largely related to the increased spending on healthcare, unemployment, active labor market programs, and income-related payments made in response to the pandemic outbreak.¹² In OECD countries, total health spending as a percentage of GDP increased by an average of almost a full percentage point between 2019 and 2020, from 8.8 to 9.7% of GDP, while unemployment benefits increased by an average of about 0.8 percentage points between 2019 and 2020, from 0.7 to 1.5%. The highest growth in spending in this category was in Austria, where it rose from 1.3% of GDP in 2019 to 3.2% in 2020. Spending on active labor market programs amounted to 0.6% of GDP in 2019, and 1% of GDP in 2020;¹³ Australia, Canada, the

¹² OECD (2022).

¹³ OECD (2023).

Netherlands, New Zealand, and the United States recorded the largest increases in this spending.

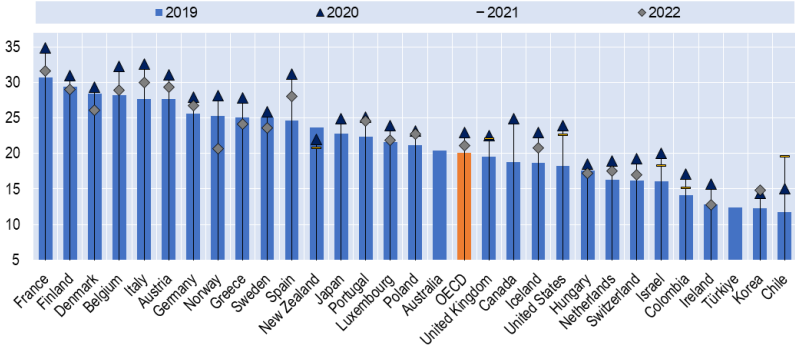


Figure 3.5. Public social spending as a percentage of GDP, OECD countries. Source: OECD.

Finally, the descriptive comparison of public social spending conducted so far must take into account a new element and the impact it has, and will have, on future social spending policies: the high inflation of recent times. In 2022 inflation has reached levels never seen in the previous forty years in most OECD countries, and rapid price increases have hit and continue to hit the lower income households: social protection policy is called upon, therefore, to provide timely and targeted aids and cash transfers to working-age families, retirees, and at-risk groups, which are growing increasingly large due to the aging of the population reported earlier.

Alongside the public sector, most countries also have private social programs that provide social assistance. The extent to which private entities provide social assistance varies from country to country, but on average in the OECD it amounted to 3.1% of GDP in 2019 (Figure 3.6). Private social spending refers to social benefits provided through the private sector (excluding transfers between individuals) that involve an element of coercion and/or interpersonal redistribution, such as for signing up for social protection coverage, e.g., a pension plan, but also social services and benefits provided by nongovernmental organizations to the neediest households. Private social spending can be divided into mandatory (established by law) or voluntary categories:

1. Mandatory private social spending includes mandatory private health insurance schemes, pension benefits based on mandatory contributions, or sickness payments to employees from employers;
2. Voluntary private social spending includes pension benefits based on past voluntary contributions, employer-provided childcare support, or benefits provided by nongovernmental charitable organizations.

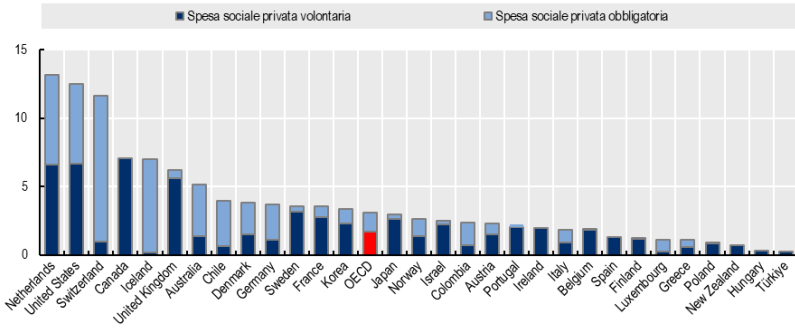


Figure 3.6. Private social spending (voluntary, mandatory, and total) as percentage of GDP, OECD countries, year 2019. Source: OECD.

In 2019, private social spending averaged about 3.1% of GDP across the OECD area, including 1.4 percentage points mandatory and 1.7 percentage points voluntary. Private social spending was highest in the Netherlands (13.1% of GDP in 2019), the United States (12.5%) and Switzerland (11.6%); it was 5 to 7% of GDP in Australia, Canada, Iceland, and the United Kingdom (Figure 3.6).

Mandatory private health care spending is very important in Iceland, the Netherlands, Switzerland, and the United States because it is the main source of social protection for individuals. In Iceland, mandatory private benefits are mostly cash benefits provided in the form of pensions and disability benefits, while in the Netherlands and Switzerland, mandatory private health insurance has long been a foundational pillar of family security. Compulsory health insurance, in the United States, has received an additional boost in recent years, where a significant portion of existing employer-provided health plans have been made

mandatory: as a result, voluntary private health spending in the United States has declined from 6.2% of GDP in 2013 to about 1% in 2019, while the mandatory share has risen. Mandatory private cash benefits often relate to pension payments from past mandatory contributions: such spending amounts to 3.6% of GDP in Australia, and more than 4% of GDP in Iceland and Switzerland, while mandatory disability benefits amount to 1% of GDP in Germany, the Netherlands and Norway, and are greater than 2.4% of GDP in Iceland.

Parallel to compulsory social spending, there are voluntary private social spending, which often involves health insurance (often through collective plans), or pension payments based on voluntary past contributions to pension plans. Private pensions are an important part of national social protection systems: pension payments based on occupational and industrial programs, or collective or individual plans, ranged in 2021 between 4 and 6% of GDP in Canada, the Netherlands, the United Kingdom, and the United States. On average, in the OECD area, private social health spending on a voluntary basis was 0.5% of GDP in 2019, and was higher in countries such as Australia and Canada, amounting to about 1.5% of GDP.

Returning to public social spending, we observe that the most developed countries do not fall below 15% of the value of GDP (as of 2019), with peaks of 27.7% for Italy and 23.6% for New Zealand, and this is also true for those with more widespread private protection systems. A useful indicator to further assess the social

spending carried out by the public sector is the share of public social spending in total public spending (Table 3.7), which reached about 48%, on average, in OECD countries, in 2019: this means that states spend half of their total budget on social spending; countries such as Italy, Japan and New Zealand exceed 55 percent; and other developed nations still do not fall below 40%. Public social spending historically accounts for the largest share of a government's total spending.

One of the components of social spending is expenditure on the elderly, the most sensitive segment of society: average OECD spending exceeds 7% of GDP, with peaks of more than 13% for Italy, compared with spending of just 3.1% for an industrialized nation like Korea (Table 3.7). Spending on the elderly also weighs in at 17.4% of total public expenditure in OECD countries, with Italy, Japan and Switzerland showing the highest values.

	Public Social Expenditure	Public Social Expenditure	Social Expenditure for the Elderly	Social Expenditure for the Elderly
	% of GDP	% of Total Public Expenditure	% of GDP	% of Total Public Expenditure
	2019	2019	2019	2019
Australia	20,5	49,0	5,3	12,7
Canada	18,8	42,3	4,7	10,6
Chile	11,7	42,4	2,3	8,4
Israel	16,1	41,2	4,9	12,4
Italy	27,7	57,2	13,4	27,7
Japan	22,8	56,2	8,4	20,8
Korea	12,3	36,2	3,1	9,1
Mexico	7,4	27,2	3,0	11,2
New Zealand	23,6	58,2	4,8	11,8
Switzerland	16,1	49,3	6,2	18,9
United States	18,3	47,9	6,5	17,1
OECD - Total	20,1	47,7	7,4	17,4

Table 3.7 - Public social expenditure and public social expenditure on the elderly, as a ratio of GDP and total public spending, 2019. Author's elaborations on World Bank data.

3.4. Social character work in the OECD area

In OECD countries, health care and social assistance systems employ more workers today than at any other time in history. In 2019, one in ten jobs (10%) were in health or social care, up from less than 9% in 2000 (Figure 3.8). In the Nordic countries and the Netherlands, more than 15% of all jobs are in health and social care. From 2000 to 2019, the share of workers in the health and social sector increased in all countries except the Slovak Republic, where it decreased in the 2000s and has then remained stable since 2010, and Sweden, where the share has decreased in recent years but still remains among the highest. The share of health and social workers has increased rapidly over the past two decades in Japan (by more than 5 percentage points), Ireland and Luxembourg (by about 4 percentage points).

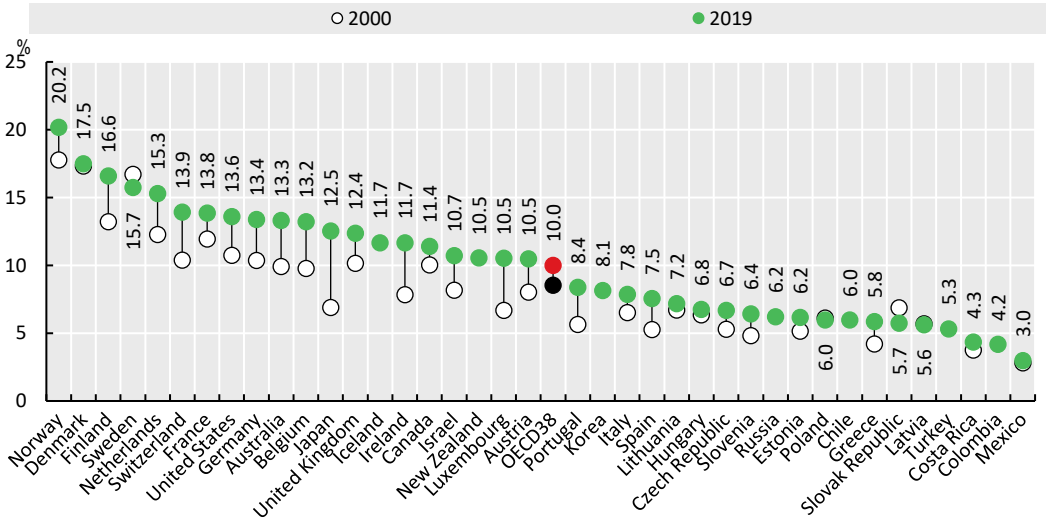


Figure 3.8. Health and social sector employment as a share of total employment, years 2000 and 2019. Source: OECD.

Since 2000, the number of jobs in the health and social care sector has increased much faster than in other sectors. On average, in OECD countries, employment in the health and social care sector increased by 49% between 2000 and 2019, outpacing even growth in the services sector, while employment in agriculture and industry continued to decline during this period (OECD, 2021). At the same time, the sector has proved more resilient to cyclical downturns than other sectors. While total employment declined during the 2008–2009 global economic crisis, employment in the health care and social assistance sector continued to grow in many OECD countries. Not surprisingly, during the Covid-19 pandemic, online job ads for caregivers of the elderly and disabled increased by 35% in Australia; for licensed nurses by 39% in Canada; for community health workers by as much as 91% in the United States; and for health professionals by 25% in the United Kingdom (OECD, 2021). Nurses constitute the largest category of health and social care workers in many OECD countries, accounting for about 20 to 25% of all workers. Personal care workers (including healthcare assistants in hospitals and nursing homes, and personal care workers in the home) also make up a relatively large share, sometimes exceeding the number of nurses. In comparison, physicians account for a much smaller share.

Confronting this dynamic, there are opposite variations for the two macro-sectors in which social workers are framed (Table 3.1), namely Q (*Human Health Activities and Social Work*) and T (*Activities of Households as Employers – Production of Undifferentiated Goods and*

Services of Households for Own Use): for some countries, the Q sector sees very strong increases in employment, while for a very few slight decreases, a sign that the demand for work in this sector is set to grow. On a different note is the other sector, T, which shows strong negative growth rates for some countries, with declines of more than 25% for France and Germany. In most OECD countries, more than 75% of workers in the health and social sector are women, and in 2019 nearly half of all physicians, on average, in OECD countries were female.

In the aftermath of the Covid-19 crisis, investment in health and social care jobs is expected to provide a stimulus for employment recovery: these jobs can be offered in all regions, and encompass a wide variety of skills, and pressing factors such as the aging population and technological changes will continue to play a key role in increasing demand for workers in the health and social care sector.

Most national projections predict substantial job growth in the health and social care sector in the coming years. In the United States, jobs in the sector are estimated to grow the fastest between 2020 and 2030, with five of the ten fastest-growing occupations in this sector, and Australia is also projected to see rapid growth in health and social care jobs between 2020 and 2025, with projected increases of 15% for health care workers, and 25% for caregivers of the elderly and disabled over the five-year period. In Canada, projections made before the pandemic predicted an 8% increase in all health professions between 2020 and 2028. Of significant

importance, finally, is the fact that new technologies, particularly information technology and artificial intelligence, will generate demand for new jobs and new skills in health and social care, while reducing the importance of some jobs.¹⁴

		2018	2019	2020	2021	2022	2016-2022
Chile	Q	423,203	459,358	473,794	491,316	531,594	25,61
	T	34,342	36,779	37,338	39,109	58,184	69,43
Finland	Q	394,325	397,950	388,500	386,600	388,575	-1,46
	T	8,125	9,200	8,200	9,075	7,800	-4,00
France	Q	3.554,750	3.529,250	3.481,675	3.441,025	3.495,975	-1,65
	T	326,300	334,300	286,375	266,000	246,900	-24,33
Germany	Q	5.012,950	5.179,025	..	5.194,225	5.363,200	6,99
	T	200,150	199,950	..	149,950	142,875	-28,62
Greece	Q	195,450	200,350	213,250	220,425	231,225	18,30
	T	25,025	21,600	17,200	13,425	20,150	-19,48
Israel	Q	371,535	386,793	411,932	408,755	432,010	16,28
	T	59,948	53,884	58,992	68,863	64,300	7,26
Italy	Q	1.582,675	1.607,900	1.583,175	1.596,225	1.606,675	1,52
	T	749,925	731,800	661,100	653,475	625,825	-16,55
Japan	Q	8.020,000	8.140,000	8.320,000	8.520,000	8.760,000	9,23
	T	0,000	0,000	0,000	0,000	..	n.d.
Korea	Q	1.951,000	2.117,000	2.247,000	2.447,000	2.623,000	34,44
	T	40,000	70,000	94,000	86,000	78,000	95,00
Mexico	Q	1.359,523	1.346,380	..	1.546,205	1.564,624	15,09
	T	2.294,337	2.393,918	..	2.174,257	2.278,595	-0,69
New Zealand	Q	251,000	254,000	264,000	263,000	262,000	4,38
	T	1,000	1,000	0,000	0,000	1,000	0,00
Poland	Q	877,075	874,250	894,175	985,050	1.000,900	14,12

¹⁴ OECD (2019).

	T	25,850	17,925	15,400	41,875	73,225	183,27
Spain	Q	1.516,025	1.569,025	1.640,375	1.753,050	1.774,275	17,03
	T	628,850	595,175	537,800	554,275	540,725	-14,01
Sweden	Q	737,775	745,100	743,500	719,850	741,700	0,53
Switzerland	Q	590,150	613,875	620,600	566,075	541,175	-8,30
	T	47,325	46,625	41,600	45,025	43,875	-7,29
Brazil	Q	3.850,554	4.048,424	4.218,178	4.332,581	4.641,766	20,55
	T	6.053,133	6.052,215	4.868,727	5.098,542	5.707,525	-5,71
Q: Human health and social work activities							
T: Activities of households as employers Activities of producing undifferentiated goods and services of households for their own use							

Table 3.9. Workers (thousands) in welfare sectors. Source: OECD.

3.5. The use of long-term care in the OECD area

Long-term care (LTC) recipients are defined as people who receive care from paid providers, including non-professionals who receive cash payments under a social program. Also included are recipients of cash benefits – such as consumer choice programs, care allowances, or other social benefits awarded with the primary goal of supporting people with care needs. Long-term care may be provided in facilities or at home. LTC facilities refer to nursing and residential care facilities that provide housing and LTC without differentiation. Home care is defined as people with functional limitations receiving most of their cares at home, and also applies to the use of institutions on a temporary basis, community and day care centers, and specially designed housing facilities.

Data on LTC services are difficult to collect in many countries, because in some of them, it only pertains to people who receive

publicly funded care, while other countries also include people who pay for their own care.

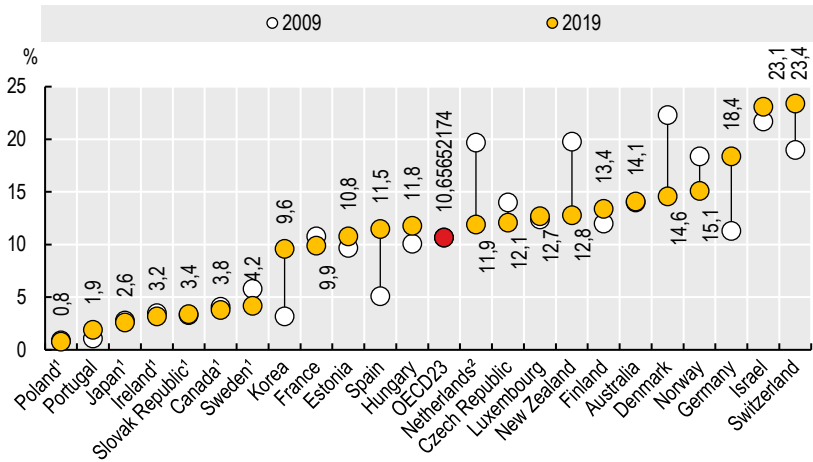


Figure 3.10. Percentage of adults aged 65 and older receiving long-term care, 2009 and 2019. Source: OECD.

In OECD countries, in 2019, an average of 10.7% of people aged 65 and older received long-term care, either at home or in long-term care facilities (Figure 3.10), and it is observed that the majority of LTC beneficiaries are older adults (Figure 3.10). More than one in five people aged 65 and older received long-term care services in Israel (23.1%) and Switzerland (23.4%), compared to less than 5% in Canada (3.8%), Slovak Republic (3.4%), Ireland (3.2%), Japan (2.6%), Portugal (1.9%) and Poland (0.8%). Although LTC services are also provided to younger disability groups, people are more likely to develop disabilities and need assistance as they age. In

2019, on average, only 25% of LTC beneficiaries in OECD countries were under 65 years old, while another 26% were between 65 and 79. Adults aged 80 and older represent the majority of LTC beneficiaries in OECD countries. On average, in OECD countries, 49% of care recipients were 80 years old and older in 2019: In Japan, more than four out of five LTC beneficiaries (84%) were over 80 years old, while people up to 64 years old accounted for only 1% of LTC beneficiaries.

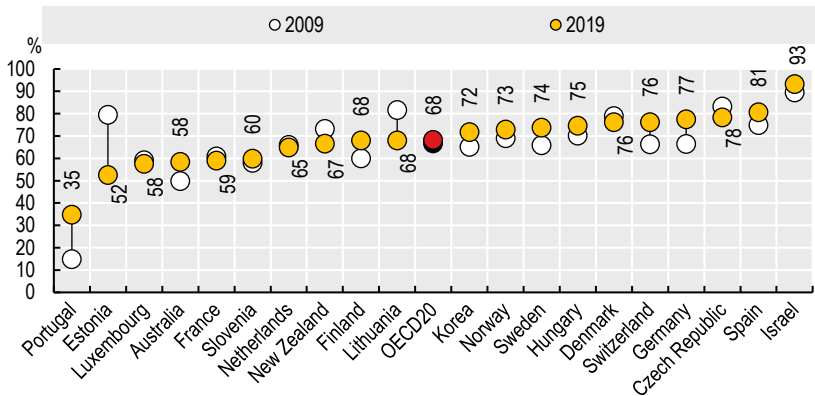


Figure 3.11. Long-term care recipients aged 65 and over receiving home care, 2009 and 2019. Source: OECD.

Although the aging of the population is a significant factor in user growth over time, the variation among countries in the percentage of elderly LTC beneficiaries suggests that other factors – publicly funded services in particular – also determine service use. For example, Israel has one of the youngest populations among OECD

countries, but a higher-than-average percentage of beneficiaries. Because data on people receiving care outside public systems are more difficult to collect, and may be underestimated, figures for countries that rely more heavily on privately funded care may be artificially low. Cultural norms about the degree to which families care for the elderly may also be an important factor in the use of formal services.

Many people who require LTC care wish to remain in their own homes for as long as possible. In response to these preferences – and the high costs of inpatient care – many OECD countries have developed services to support home care for the elderly. Between 2009 and 2019, the percentage of LTC beneficiaries receiving home care increased only marginally, from 67 to 68% (Figure 3.11), and there is considerable room to increase this share. The increases were particularly large in Portugal, Australia, Finland, Germany, and Switzerland. While the proportion of LTC beneficiaries living at home has increased over the past decade in most OECD countries, it has declined significantly only in Estonia, where the availability of general institutional care has increased. Among people aged 65 and older, in 22 European countries, half of people living at home with at least one limitation – and nearly two out of five (37%) living with three or more limitations – reported that they did not receive sufficient informal help, or did not receive formal LTC support (OECD, 2019).

The data reported in this brief international overview show that there is an ever-increasing need for long-term care and domestic

welfare and welfare benefits, and that these needs can align well with the new needs of the world of work, without neglecting the substantial contribution that nations with surplus young working-age populations could potentially provide.

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Chapter Four: A proposal for fiscal intervention

by Ivan Lagrosa, Alessandro Stanchi and Giuseppe Russo

Building on the data and evidence we have presented in the previous chapters, this section is devoted to developing proposals for public interventions that would help incentivize and regulate, through fiscal leverage, the field of domestic work. Given how broad and diverse the domestic sector is, we propose specific interventions for the types of domestic work that are most prevalent and potentially most impactful on the working lives of caregivers.

The approach we take below in regard to domestic babysitters and caregivers, is to interpret this workforce as an intermediate – and not final – asset that households can use to engage in the labor market. The approach we take thus recognizes this area of domestic work as functional in supporting the labor supply of households in particular situations of need and proposes a fiscal incentive treatment that is consistent with the role.

Otherwise, the figure of the domestic helper does not, in general, lend itself to being interpreted as an intermediate asset. Any transfers of public resources to incentivize the hiring of domestic helpers would have as their main objective to bring out irregular contracts, according to a logic of rewards – this is what has

happened in past and recent years. Therefore, we propose fiscal intervention in this area that is aimed at increasing spending possibilities for households, without there being an additional net transfer of public resources.

This different approach also appears to be widely shared among households employing domestic workers. Indeed, 55% of the households interviewed in our survey do not consider themselves in favor of public support for hiring domestic workers such as domestic helpers, janitors, gardeners, or drivers. In contrast, 95% of the households surveyed favor public intervention for hiring caregivers such as babysitters or caregivers. However, 44% of households favor intervention in this area only in cases of non-self-sufficiency – the remaining 51%, on the other hand, favor public intervention regardless of the situation of non-self-sufficiency.

The chapter is organized as follows. The first two sections outline the fiscal proposal in the context of babysitting and caregiving. The third section presents a proposal for generalized tax reform in the areas of deductions and allowances. The chapter ends with a study highlighting the limitations of alternative, generalized and non-conditional, fiscal interventions.

4.1. Parents, but working full time

The first proposal we present is one aimed at the area of babysitting. The section opens with a brief overview of the regulatory context within which we are going to enter. The second part outlines the mechanisms of the proposal. Finally, we present some simulations and cost estimates.

4.1.1. The regulatory environment

Among the most relevant recent measures in family assistance is the Single and Universal Allowance (AUU). Introduced in 2021, it consists of an economic benefit provided to households with children. The AUU absorbed tax deductions for dependent children up to age 21 and replaced the following measures, which remained valid until February 2022: the allowances to households with children, the allowance to households with at least three minor children, the birth or adoption premium, the birth allowance, and the temporary allowance.

The AUU covers all categories of employees – both public and private – self-employed workers, retirees, or those without employment. The benefit is paid upon application by the applicant or, in the case of Citizenship Income recipients, *ex officio* directly by The National Institute for Social Security (INPS).

The allowance is provided for each dependent minor child and, for newborns, from the seventh month of pregnancy. The allowance is also provided for each dependent adult child until he or she reaches the age of 21, provided, however, that he or she attends a school or vocational training course or a degree program, or is engaged in an internship or work activity and has a total income of less than €8,000 annually, or is registered as unemployed and looking for work with the public employment services, or, finally, is performing universal community service. The benefit is also provided in cases of disability, with certain conditions. In February 2023 – the latest available period – there were 5.4 million households benefiting from this intervention.

The amount of the dependent child allowance is calculated on the basis of the economic situation of the household, which is assessed by considering the Indicator of Equivalent Economic Situation (ISEE). However, the allowance, as a universal measure, can also be applied for without the need to submit an ISEE – in these situations the minimum amounts established by law will be disbursed.

Finally, the intervention provides for a series of increases in the monthly amounts when certain conditions are met. Among those most relevant for the purposes of our analysis, we find most are equal to €30 per month in the case where both parents have earned income. This amount is payable in full for an ISEE of 15,000

euros or less, while for higher ISEE levels it is reduced until it is cancelled at an ISEE of 40,000 euros. This increase linked to the household's employment status was introduced with the aim of not creating negative effects in terms of labor supply. In fact, the benefit could have, for example, discouraged unemployed people, mostly women, from actively seeking employment. The average amounts per household in February 2023 range from €146 in the case of a single child to €1,816 in the case of six or more children. The average amount was €313 in the case of two children, €612 for three children, €1,070 for four, and €1,379 for five.

Next to the AUU, a general and universal measure, one of the most recent public interventions at the national level aimed exclusively at incentivizing the use of forms of support and assistance for dependent children under the age of three is the so-called “Bonus Daycare,” established in December 2016. This intervention aims to support families with respect to expenses related to daycare – public or licensed private – as well as forms of home care.

Starting in 2020, the amount of financial support is determined according to ISEE. There is a maximum disburseable amount of 11 monthly payments of €272 each for the first ISEE bracket, 11 monthly payments of €227 each for the second bracket, and 11 monthly payments in the disburseable amount of €136 each for the highest ISEE bracket or in the absence of the indicator. On the other hand, the subsidy for forms of care at home is limited to

cases of children unable to attend daycare centers due to chronic illnesses. The amount, in this case, ranges from €3,000 for the first ISEE bracket to €1,500 for the third ISEE bracket or in the absence of the indicator, which is disbursed in a lump sum. Since home care is provided only on a residual basis for some circumscribed cases, the numbers describing the measure, below, refer only to contributions for the payment of daycare.

In terms of families involved in the measure, in 2022 – the last year for which data are available – the number of beneficiaries who received at least one month of the daycare subsidy was about 425,000, almost 50% more than in 2019. To better interpret this figure, the Social Security Institute calculated the potential target population (children from 0 to 36 months) using data on the Single and Universal Allowance, which in fact has a high rate of adherence and therefore provides a good measure of the population of interest. In doing so, it emerges that at the national level just over one-third (34%) of potential beneficiary children take advantage of the Daycare Bonus.

In terms of the amounts disbursed, on the other hand, at the national level the average monthly amount of the bonus in 2022 was €213 for a child who attended a private daycare center, and €189 for those who opted for a public daycare center instead. Given the cost differential between the two types of facilities, the bonus

coverage rate was 59.7% for private nurseries and 70.5% for public nurseries.

Over time, the support measures introduced by the central government have been accompanied by other forms of intervention at the regional level. Some regions over time have in fact instituted forms of support related to babysitting activities. On this front, the most recent measures are those adopted in Liguria, Lazio, and Friuli-Venezia Giulia.

Specifically, the Liguria region has established a Babysitter Bonus for mothers and/or fathers of children up to 14 years of age – or up to 18 years in the case of disabled children – with an ISEE not exceeding 35,000 euros. The value of the bonus for hiring a babysitter was set at 350 euros per month, with a total spending fund of one million euros. On the other hand, the Lazio Region has introduced an annual grant of 3,000 euros intended for working parents with at least one child under the age of 12 at the time of application. Requirements also include an ISEE statement of no more than 20,000 euros. Finally, the Friuli-Venezia Giulia Region has established a “family endowment” in the form of a regional grant aimed at minor children up to 18 years of age to incentivize the use of services and benefits of an educational, recreational, and playful nature, and to reconcile time spent attending to family life and time at work – services include babysitting. In this case, the

economic requirement to qualify for the bonus refers to an ISEE less than or equal to 30,000 euros.

4.1.2. The proposed intervention

The intervention we are proposing is to extend the usability of the bonus currently in place for the payment of daycare centers to the area of domestic work dedicated to childcare. In addition to expanding the possibilities for families to spend, the intervention is extended to children up to the age of 12 – to cover the entire elementary school period. The expansion of the pool of beneficiaries and spending possibilities is accompanied by the introduction of a new and additional form of conditionality – in addition to that related to family wealth (ISEE). Specifically, the eligibility of receiving the subsidy, and the amount of it, depend on household members' participation in the labor market. This approach partly takes the regulations from the Universal Single Allowance, but gives broader relevance to the employment situation of households.

In general, the main objective of the proposed intervention is to boost the labor market participation of families with children. In fact, the data on non-participation in the labor market and underemployment that we presented in Chapter 2 show that a large percentage of people who decide to limit their labor supply –

especially among women – do so because they are engaged in caring for their children – or more generally, the domestic sphere. However, current public interventions to incentivize use of various forms of childcare are almost entirely limited to support the payment of daycare, and only in residual cases are they directed to support the payment of staff in the domestic sphere. Perhaps partly because of these limitations, these forms of intervention are therefore relatively uncommon. In 2022, the Daycare Bonus was applied for by only about 34% of potential beneficiary households.

Going into the details of the proposed intervention, therefore, it is envisaged that the implementation of the measure will be managed directly by INPS, through the disbursement of a monthly allowance. On the one hand, the Welfare Institute is in fact allowed to consult the employment situation of applicants. On the other hand, a direct disbursement of the benefit by INPS is more effective in intervening in situations of real need, as opposed to the tool of deductions managed by the Italian Revenue Agency, whose benefit is deferred over time.

To apply for the subsidy, a single member of the household must submit an application to the Welfare Institute, indicating his or her own personal data and those of the other members of the household, including those of the minor for whom the benefit is

requested. Any documentation proving enrollment in training courses or registration with public employment services – in case of unemployment – should also be provided upon submission of the application. Depending on whether the application is made for support in the payment of a domestic worker or for the payment of daycare, the domestic worker's employment contract and their tax identification number, or the data of the chosen facility and documentation proving the enrollment of children will have to be provided at the same time. Through the data provided, the Institute will be able to reconstruct the economic wealth situation of the household and the situation of the respective members in the labor market, observing, for example, the days worked during the reference month by each member of the household, the type of contract, the type of hours (full or part-time) and the total taxable income. If a contribution is claimed for babysitting payments, INPS will also be able to trace an accurate measure of the payments made by the household to the domestic helper by combining the information contained in the helper's employment contract and information on contributions paid recorded in the Institute's databases. Based on the amount of expenditure incurred on a monthly basis, it will then be possible to calculate the benefit to which the household is entitled – expressed as a percentage of the total amount paid to the employee. The benefit will be paid on a monthly basis with respect to expenses incurred during the previous month.

In terms of the amount of the benefit, in the base scenario, the intervention provides a subsidy to cover 70% of the cost incurred by households for childcare – the percentage is the same as that currently provided on average to cover the cost of public daycare centers. The base scenario specifically refers to a household composed of able-bodied people at work with a dependent child, an ISEE statement in the first bracket, and with the household members working as full-time employees during the reference month. In order to recognize the educational value of care facilities, whether public or private, in case one chooses to use a daycare center instead of a domestic helper – during the first years of the child’s life – the coverage is increased according to a coefficient of 1.2. For example, out of 100 euros spent on daycare payment one would be entitled to 84 euros of coverage – that is, 70% of 120 euros. In case the same amount is instead allocated for the payment of a domestic helper, the reimbursement drops to 70 euros.

One of the main innovations of the proposal is to differentiate the subsidy provided according to the labor market participation of household members. Specifically, the coverage of the cost of childcare is expected to be reduced proportionally according to the percentage of hours worked during the reference month, compared to a full-time employment situation. For example, in a household consisting of two able-bodied persons of working age, in the event that one of the two persons is employed on a 50%

part-time contract, the basis of coverage of the cost of childcare would be reduced by 25% – this is in fact the part-time percentage calculated by taking both household members, the second of whom is employed full time, as a reference. In case both persons were instead employed on a 50% part-time contract, the coverage base for calculating reimbursement would be reduced by 50%. However, the minimum coverage threshold in the case of components employed in the labor market cannot fall below 40%, so as not to excessively penalize cases of part-time contracts with very low percentages of hours worked. A person is considered employed during the reference month if he or she worked at least 17 days, regardless of the type of hours worked.

In the event that at least one member of the household is without regular employment during the reference month, the benefit would still be paid, but with a base on which to calculate the reimbursement reduced to 30%. The condition for receiving the benefit in this case is that the person without employment still demonstrates that he or she is engaged in training or registered with public employment services. On the other hand, in case of complete inactivity of at least one household member during the reference month, the benefit would not be disbursed. Anyone who has not engaged in at least 17 days of labor market-related activity during the reference month – considering days of regular employment, days of training, and days of registration with public employment services – is considered inactive. Finally, the base on

which to calculate the benefit is reduced according to a coefficient of 0.8 for households in which at least one worker is self-employed or para-subordinate worker. On the one hand, for these types of employment it is in fact not possible to establish the percentage of hours worked – and full time is therefore assumed for the benefit calculation – on the other hand, these forms of employment guarantee wider margins of hourly flexibility than salaried employment – as also shown by our data presented in Chapter 2.

Along with the distinction between different employment situations, remodulations are also provided according to the demographic status of the household. In particular, the benefit is increased according to a coefficient of 1.2 for households consisting of only one person who is able to work and for children with disabilities. In addition, for households with multiple children, the base on which to calculate the benefit is remodeled according to a coefficient of 1.5 in the case of a domestic worker and 2 in the case of daycare, for each child.

Some spending limits defined on the basis of household wealth (ISEE) then remain in place. Specifically, the base on which the subsidy is calculated is reduced by 20% for households in the second ISEE bracket – between 15,000 and 25,000 euros - and by 50% for households in the third ISEE bracket – between 25,000

and 30,000 euros. At the same time, the maximum benefit payable is set at 600 euros per month. The maximum threshold is reduced by 20% for families in the second ISEE bracket and 50% for families in the third ISEE bracket. There is no benefit disbursement for families beyond the third ISEE bracket or for those without an economic indicator. If, in the base scenario of full employment, the ceiling provided by the corresponding ISEE band is reached, reimbursements in the reduced employment scenarios would be reshuffled proportionally. These forms of conditionality are designed to preserve a dimension of progressivity both with respect to the total amount that is disbursed monthly and with respect to the reimbursement per hour worked by the employee, in the case of a relatively low total amount during the month.

Once the coverage to which one is entitled has been calculated, based on employment and ISEE, a 70% reimbursement is applied to this figure. Below we present some simulations of the intervention, considering different demographic, employment, and economic wealth situations of the household.

4.1.3. Intervention simulations

Table 4.1 shows an initial simulation of the benefit. We focus specifically on a household consisting of only one child in the age

range of zero to 12 years and a single person who is able to work. We also consider the case where the household decides to employ a domestic helper babysitter for two hours per day, 26 days per month. Using an average hourly cost of the babysitter of €8.5 – as per the findings of our survey – the total paid by this household to the domestic helper on a monthly basis amounts to €442.

In this framework, for a household in the first ISEE bracket, the subsidy varies from about 84% in the case where the able-bodied person in the household is employed full time to about 25% in the case where the same person is instead unemployed but still actively seeking employment or engaged in training. Going into more detail in the simulation, let us consider the case in which the person in the household is employed full time during the reference month. In this scenario, the household is entitled to a reimbursement of about €371 for the babysitter's payment if it is in the first ISEE bracket – the amount corresponds precisely to 84% of the cost incurred. In contrast, the figure drops to €297 for a household in the second ISEE bracket and €186 for a household in the third ISEE bracket. Alongside this dimension of household wealth, the contribution also varies substantially according to employment status. Considering, for example, a household in the first ISEE bracket, the reimbursement drops from about €371 provided for the full employment scenario to about €111 in cases of active unemployment. Imagining instead a 60% part-time workload, the monthly contribution would be €223, for a coverage

of the total cost that thus drops to 50%. This simulation shows a penalty due to part-time employment of about €148 monthly compared to the situation of full-time employment. This difference is equivalent to about 34% of the total monthly expenditure for the babysitter.

Table 4.1. Simulation of contribution for babysitting payment. Average rate of €8.5/hr. for 2hrs. per day over 26 days per month

Employment status	Band I	Band II	Band III
Full-time employee	€371 (84%)	€297 (67%)	€186 (42%)
Self-employed worker	€297 (67%)	€238 (54%)	€149 (34%)
Part-time 60%	€223 (50%)	€178 (40%)	€112 (25%)
Unemployed	€111 (25%)	€89 (20%)	€56 (13%)

The second simulation we propose considers a household consisting of two able-bodied persons at work and one dependent child in the age range of zero to 12 years. We also consider the case in which the household decides to employ a babysitter for 91 hours per month – the amount of hours equivalent to 3.5 hours per day for 26 days per month. As done earlier, we analyze different scenarios based on household wealth and the position of household members in the labor market (Table 4.2). Again, assuming an

average hourly rate of €8.5 for the domestic worker, the total cost on a monthly basis is €774.

In this scenario, the percentage of the total cost covered by the public intervention varies from about 70% (€542) in the case of both household members being employed as full-time employees and with a household ISEE in the first bracket, to about 10 percent (€81) in the case of at least one active unemployed person within the household and a household ISEE in the third bracket. This simulation also shows important differences based on the household's employment status. Considering the case of a household in the first ISEE bracket, the percentage of the cost of the employee covered by the public subsidy drops from about 70% (€542) in the case of full-time employment to 53% (€407) in the case where one of the members was employed on a part-time basis with a 50% part-time workload. In contrast, in the case of at least one unemployed person, the benefit drops to cover only 21% of the cost of the babysitter (€163).

Table 4.2. Simulation of contribution for babysitting payment. Average cost of €8.5/hr. for 3.5hrs. per day over 26 days per month

Employment status	Band I	Band II	Band III
Both full-time employees	€542 (70%)	€433 (56%)	€271 (35%)

One self-employed and one full-time employee	€434 (56%)	€346 (45%)	€217 (28%)
One full-time and one part-time 50% employee	€407 (53%)	€325 (42%)	€203 (26%)
One full-time employee and one unemployed person	€163 (21%)	€130 (17%)	€81 (10%)

4.1.4. The cost of the intervention

Finally, in this section we offer a cost estimate of the proposed intervention. Given the complexity of the intervention in terms of the diversification of the benefit – dependent on the household wealth and employment situation – for a cost estimate we have on one hand combined different data sources, and on the other used simplifying assumptions.

The first piece in calculating projected spending is to measure the pool of potential beneficiaries. According to ISTAT data (2023), the number of children up to age 12 is about 6 million.

The second piece is to calculate how many Italian households fall into each of the three ISEE brackets we considered for the intervention. From 2020–2021, compared with about

25,700 households (ISTAT), 7,830 were found to be covered by ISEE (Ministry of Labor, 2021). Of the households covered by ISEE, about 65% were found to be in the first bracket, 20% in the second bracket, and about 5% in the third bracket (INPS, 2023). Applying these percentages to the entire population – that is, taking into account households not covered by ISEE – we obtain that about 20% of households are in the first ISEE band, 6% in the second band, and 2% in the third band. Converting these percentages into absolute numbers – using the data on the pool of potential beneficiaries – we thus obtain a number of about 1,200 children potentially benefiting in households in the first ISEE bracket, 360,000 children potentially benefiting in households in the second ISEE bracket, and 120,000 children potentially benefiting in households in the third ISEE bracket.

The third and final piece is to reconstruct the employment situation of households, differentiated by wealth indicator. The percentage of households by employment status can vary significantly across different wealth bands. For this last calculation, we relied on Bank of Italy data on Italian household wealth. We first applied the simple formula for ISEE calculation to data on assets and income to classify Italian households into three different wealth brackets – the measure of wealth used is not directly superimposable on the ISEE measure because it does not take into account several aspects such as first-home mortgage payment offsets, disability situations and others. The data thus obtained on

the distribution of Italian households according to their wealth were then adjusted to reproduce the distribution of Italian households by ISEE status. For each wealth bracket, we finally calculated the percentage of households in different employment situations, considering only households with children.

Table 4.3 below shows the number of potential beneficiaries for each wealth bracket and for different employment situations within the household. To simplify the calculation, we considered self-employed workers as full-time employees, and identified as part-time situations those in which there is at least one part-time worker within the household. For these situations we also assume that there is one 50% part-time worker within the household and another full-time worker. For the unemployment case, we consider households with at least one unemployed person, and assume that there is another person employed as a full-time employee in the same household. The possible different employment situations of households in reality are obviously numerous and more varied than the categories we have decided to consider for cost estimation purposes. Finally, we have assumed the presence of only one child between the ages of zero and twelve within each household, and households consisting of two persons capable of working.

Table 4.3. Potential beneficiaries by employment status and ISEE bracket (Thousands)

Employment status	Band I	Band II	Band III
Full-time employees only	168	104	36
At least one part-time employee	168	68	23
At least one unemployed person	444	68	13

To estimate the cost, we consider a take-up rate of 70% – that is, double that observed for the Daycare Bonus – consistent within each ISEE band. We also assume an average cost of €774 per month for the babysitter – €8.5 per hour for 3.5 hours per day for 26 days per month. Finally, let us consider the case in which all beneficiary households decide to opt for the domestic helper. The actual cost would then likely be lower, as some families would decide to entrust their children to daycare facilities.

Within the proposed regulatory framework and using the calculation method described above, with the corresponding assumptions, we obtain a monthly cost of the measure of €323,250, which translates into an annual cost of about 4 billion euros.

4.1.5. Conclusion

Our proposed intervention aims to provide important incentives for care services as a means of freeing up time to devote to the labor market within

the household. Indeed, in a context of limited public resources, we believe it is appropriate for these to be directed toward areas of expenditure that have positive externalities for the community as a whole, and that are not limited to distributing resources to particular interest groups. In this context, broader labor market participation is among the key challenges of a society where life expectancy is increasing, and the birth rate is decreasing – hence the collective interest of the proposal.

The cost of the intervention should therefore be assessed in the context of broader goals than only assisting families with children. Moreover, a measure that has the effect of boosting employment has immediate economic benefits for public finances – not only in terms of higher tax revenues, but also in terms of lower expenditures on possible income support measures. Adopting a dynamic perspective, in the medium-term, wider labor market participation then reduces the risk of discontinuous careers, and therefore also the likelihood that public resources will have to be directed to guarantee minimum pensions in the future. Finally, the measure indirectly incentivizes the emergence of the black economy in the area of domestic work, the benefit being guaranteed only in the case of regularly registered contracts.

Finally, in terms of spending, it is worth noting how, within the framework outlined by our proposal, the reimbursement percentages specific to each employment situation and to each band of economic wealth can be reshaped according to different policy interests and depending on the availability of public finance. For example, one can decide to penalize under-employment to a greater or lesser degree – instead of following a simple proportional approach as in the case of the proposed intervention. Reimbursements can also be shaped differently

according to the ISEE bracket of households, for example by directing economic resources exclusively to households in more disadvantaged conditions.

4.2. Helping to balance care and work

4.2.1. The demand for services

The data provided by ISTAT describe a picture of substantial fragility of people with disabilities, with clear disadvantages compared to the rest of the population, against the backdrop of an aging country, and no longer with a large family to act as a shock absorber of welfare benefits. In Italy, as of 2014, people with disabilities¹⁵ have steadily surpassed the threshold of 3 million. By 2021 they represented 5% of the total population, plus an additional 16% of citizens with non-severe limitations, and an undefined 6% of people for whom their condition is not indicated.

Thus, in Italy, more than 20% of the population suffers from some form of limitation in daily life, while the citizens who definitively do not suffer any are just over 70%. This overview alone suggests the importance that the demand for assistive services has, and will

¹⁵ The definition in the Register of Disability reports: a person with one (or more) physical, mental, intellectual and/or sensory impairments, determining difficulties in performing age-appropriate tasks and functions in daily life, ascertained by a medical-legal commission for the purpose of the provision of specific benefits, services and/or direct monetary benefits.

increasingly have, as either an alternative or synergistic addition to the medical services of health care facilities.

With more than 3 million severely disabled people in Italy, the number of disability pensions increased from just under 4.5 million in 2012 to 4,327,445 in 2020. Over the period, those receiving disability pensions account for just over 19% of total pensioners.

Disability pension spending totaled just over 68 billion in 2020, which is equal to 22% of Italy's total pension spending, a share that has been declining since 2012, when it was 24%, and has gradually dropped over the years. Proportionally, however, disability pensions take up more resources on average. This finding is confirmed by observing the average amount of the annual disability pension, which has grown from just over 14,000 in 2012, to 15,801 in 2020. Comparing this to the average annual pension in Italy, it can be seen that disability pensions are on average higher than standard pensions (by 25% in 2012, decreasing to 17% in 2020).

Taking into consideration the category of disabled people who experience severe limitations in their usual activities (3 million people in 2021), i.e., those who are most vulnerable and dependent on external assistance, we observe a socially problematic outline (Table Y.22). In 2021, 29% of them lived alone at home (a share that has increased since 2016), and thus have difficulty providing for their daily lives, and an additional 26% cohabitate in a couple in which there are no children to help them. Nearly 55%, therefore, are experiencing situations of extreme difficulty in daily tasks, and

it is toward this segment of the population that homecare can be most targeted.

Family role	Year					
	2016	2017	2018	2019	2020	2021
Solitary people	26.4	26.9	29,5	28.9	27.9	28.6
Aggregate member of a single-member household	4.7	4.3	4.1	4.3	4.3	4.1
Parent in a couple with children	16.9	17.3	16.6	16.2	16.4	15.9
Single parent	6.3	7.4	7.3	7.4	7.6	7.3
Spouse in a childless couple	27.5	26.2	25.6	27.4	26.9	25.6
Child in a couple	7.6	6.8	6.4	6.2	6.1	7.6
Single-parent child	3.5	3.3	2.7	2.7	3.7	3.8
Other	7.1	7.7	7.8	7	7	7.1
Not indicated	0	0	0	0	0	0
Total	100	100	100	100	100	100

Table Y.22. People with severe limitations in their usual activities and family role: years 2016–2021, percentage values. Compiled from ISTAT data.

Working in close synergy with households and domestic workers *sensu stricto*, are the businesses that operate within the classification of economic activities (Ateco) adopted by ISTAT related to

personal care¹⁶. Confirming the ever-increasing need for domestic and non-domestic care work, businesses framed in both those sectors show increasing growth rates throughout the period taken into consideration (2012–2021): in 2021, businesses in the two sectors amount to 0.5% of Italian businesses, and the number of operators has increased by almost 45% since 2012, in both sectors. On the employment side, enterprises in the two sectors collectively employ 2% of Italian workers in 2021, while on the output side, their output at basic prices is just over 27 billion euros in 2021, compared with an added value of nearly 15 billion euros.

The Italian context thus sees domestic work growing (especially in its care component), in terms of demand (present and future), recipients, firms and public pension spending. What has markedly decreased over the years, with the exception of the pandemic period, is the number of domestic workers, thus leaving room for important public policy interventions aimed at stimulating the labor supply of new workers in the care sector.

The second part of this chapter is therefore devoted to the area of care and assistance for the elderly, or more specifically for dependent persons. In particular, we focus on a proposal for an intervention with the aim of incentivizing the recruitment of domestic caregivers, with reference to trained and untrained staff.

¹⁶ They are Sector 87 (residential social work services), and Sector 88 (nonresidential social work).

This scope of intervention is broad and varied, affecting not only the domestic work sector but also, and especially, the public and private healthcare sectors. Within this framework, our proposed intervention is limited to intervening in situations in which a person who is able to work is in the position of having to take time away from the labor market in order to care for a dependent family member. Thus, the proposal is limited to cases of people capable of employment who are *caregivers* in the family setting.

4.2.2. The regulatory environment

Employers who regularly pay contributions to INPS for family caregivers – and domestic helpers – can take advantage of tax breaks. A first benefit is the deduction from income of the mandatory contributions paid for caregivers, up to a maximum amount of about €1,500 per year – this maximum deductible amount is fixed and does not vary according to declared income levels. Second, for caregivers of dependent persons, the employer can deduct 19% of the expenses incurred from the gross tax, up to a maximum amount of about €2,000 per year. This deduction is due to the dependent person or family members who incur such expenses, and it is available only if one's total income is below the threshold of €40,000. Other types of intervention are also provided for beneficiaries of Law 104/92 – in terms of, for example, subsidized VAT or in the form of temporary monetary bonuses.

Alongside interventions at the national level, several Italian regions have also provided support measures to financially help families meet expenses related to home care.

Among these, the Apulia Region has introduced a contribution of twenty monthly payments of €1,200 each reserved for the care of people in conditions of severe forms of non-self-sufficiency. To access the economic support, it is necessary to possess an ISEE not exceeding €60,000 in the case of adults and €80,000 in the case of minors.

The Region of Liguria provides a caregiver Bonus for hiring home care workers whose value amounts to €500 monthly for twelve months – in the case of accessing Regional Fund for non-self-sufficiency, the amount drops to €150.

With the “Pronto Badante” (Ready Caregiver) project, the Tuscany Region has given families access to a support service aimed at the moment when an elderly person experiences a situation of fragility for the first time. The elderly person – who is at least 65 years old, must reside in Tuscany and lack a personalized care project – is the beneficiary of a disbursement through the family registrar for occasional ancillary work, for a total one-off amount of €300.

In Piedmont there is an active “Home Care Voucher”, a monthly grant provided by the Region worth €600, recognized for a maximum of twenty-four monthly payments, expendable for the purchase of family care services or educational assistance in the case of minors, for non-self-sufficient residents and/or those residing in a medical center in Piedmont.

Finally, the Lombardy Region has provided the “Family Caregiver” Bonus, a measure aimed at providing reimbursement for expenses incurred for the caregiver. Also in this case, the contribution is parameterized to the ISEE value. In case of ISEE not exceeding €25,000, the contribution is capped at €2,400. The maximum contribution drops to €2,000 in case of the ISEE between €25,000 and €35,000.

4.2.3. The proposed intervention

Against this backdrop, our proposed intervention for caregiver hiring traces the one outlined in the previous chapter in the area of babysitting, extending the bonus for hiring the family babysitter to cases of caregivers as well.

Going into the proposal details, the implementation of the measure is expected to be managed directly by INPS through the disbursement of a monthly allowance. To apply for the grant, the member of the household caring for a dependent family member –

following the most widespread approach, cases of family assistance are those framed within the framework of Law 104/92 – will have to submit an application to the Social Security Institute, indicating his or her own personal details and those of the other members of the household, including those of the person being cared for and for whom the benefit is being requested. Any documentation proving enrollment in training courses or registration with public employment services – in case of unemployment – should also be provided upon submission of the application. The employment contract of the domestic helper caregiver, and their tax identification number, should also be provided at the same time. The benefit will be disbursed on a monthly basis based on expenses incurred during the previous month.

In terms of the amount of the benefit, in the base scenario, the intervention provides a grant to cover 70% of the cost incurred by families for care. As in the case of the intervention in the area of babysitting, the base scenario refers to an able-bodied person employed as a full-time employee during the reference month and with an ISEE statement in the first bracket.

The subsidy provided is differentiated according to the applicant's labor market participation. Specifically, the coverage of the cost for assistance is expected to be reduced proportionally according to the percentage of hours worked during the reference month, compared to a full-time employment situation. However,

the minimum threshold for coverage in the case of an employed person cannot fall below 40 percent. A person is considered employed during the reference month if he or she worked at least 17 days, regardless of the type of hours.

In case the applicant is without regular employment during the reference month, the benefit would still be provided, but the base on which the reimbursement is calculated would be reduced to 30%. The condition for receiving the benefit, in this case, is that the person without employment still demonstrates that he or she is active in the labor market because he or she is engaged in training courses or is registered with public employment services. On the other hand, in case of complete inactivity during the reference month, the benefit would not be disbursed. Anyone who has not engaged in at least 17 days of labor market-related activity during the reference month – taking into account days of regular employment, days of training, and days of registration with public employment services – is considered inactive. Finally, the base on which the benefit is calculated is reduced according to a coefficient of 0.8 for self-employed or para-subordinate workers.

Along with the distinction between different employment situations, the planned remodulations based on the demographic status of the household remain active. In particular, the benefit is increased according to a coefficient of 1.2 for households consisting of a single able-bodied person providing care.

Finally, some spending limits defined on the basis of household wealth (ISEE) remain active. Specifically, the base on which the grant is calculated is reduced by 20% for households in the second ISEE bracket – between €15,000 and €25,000 euros – and by 50% for households in the third ISEE bracket – between €25,000 and €30,000. At the same time, the maximum benefit payable is set to be €1,200 per month. The maximum threshold is reduced by 20% for families in the second ISEE bracket and 50% for families in the third ISEE bracket. There is no benefit disbursement for families beyond the third ISEE bracket or for those without an economic indicator. In the event that the base scenario of full occupancy reaches the ceiling provided by the corresponding ISEE band, reimbursements in the reduced occupancy scenarios would be rescheduled proportionally.

Once the coverage to which one is entitled has been calculated, based on employment and ISEE status, a 70% reimbursement is then applied to it.

4.2.4. Intervention simulations

Table 4.4 shows a simulation of the benefit. In particular, consider the case in which a caregiver is employed for 40 hours per week, for a total of about 170 hours per month. Using an average hourly cost of the caregiver of €9 – if our survey finds that the total paid

by the family to the caregiver on a monthly basis amounts to about 1,500€ – the scenario is equivalent to the case of a cohabiting relationship, for 54 hours per week and an average wage of about €6.5 per hour.

In this framework, for a household in the first ISEE bracket, the subsidy varies from about 70%, in the case where the able-bodied person applying for the benefit is employed full time, to about 21% in the case where the same person is instead unemployed but still active. Going into more detail of the simulation, let us consider the case in which the person claiming the benefit is employed full time during the reference month. In this scenario, one is entitled to a reimbursement of about €1,084 for the caregiver's payment if the applicant is in the first ISEE bracket – the amount corresponds precisely to 70% of the cost incurred. In contrast, the figure drops to €867 for a household in the second ISEE bracket and €542 for a household in the third ISEE bracket. Alongside this dimension of household wealth, the contribution also varies substantially according to the applicant's employment situation. Considering, for example, a household in the first ISEE bracket, the reimbursement drops from €1,084 expected for the full employment scenario to about €325 in cases of active unemployment. Imagining instead 60% part-time employment, the monthly contribution would be €650 – for a coverage of the total cost that thus drops to 42%. This simulation thus shows a penalty due to part-time employment of about 400€

monthly, compared to the situation of full-time employment. This difference is equivalent to about 26% of the total expenditure incurred for the caregiver worker on a monthly basis.

Table 4.4. Simulation of caregiver payment contribution.

Average cost of €9/hr. for 40hrs. per week for 4.3 weeks per month

Employment status	Band I	Band II	Band III
Full-time employee	€1084 (70%)	€867 (56%)	€542 (35%)
Autonomous	€867 (56%)	€694 (45%)	€434 (28%)
Part-time 60%	€650 (42%)	€520 (34%)	€325 (21%)
Unemployed	€325 (21%)	€260 (17%)	€163 (11%)

4.2.5. The cost of the intervention

Finally, in this section we offer a cost estimate of the proposed intervention. In order to obtain a cost estimate given the complexity of the intervention in terms of the diversification of the benefit – according to the household wealth and employment situation – we again have on the one hand combined different data sources and on the other hand used simplified assumptions.

As before, the first step in calculating the expected expenditure is to measure the target audience. It is not possible in this case to obtain a precise estimate of potential beneficiaries – the measure could in fact incentivize the use of Law 104/92, thus

increasing the target audience. In this case we therefore rely on INPS data on the current number of caregiver workers in Italy. According to this data, there are 429,000 (2022) caregiver workers with regularly registered contracts. On the one hand, this audience represents an excess estimate of the one taken as a reference by our intervention, as not all caregiver workers fit into caregiving contexts regulated by Law 104/92. On the other, the measure itself, as anticipated, could lead to the hiring of new staff.

The second piece is to calculate how many Italian families fall into each of the three ISEE brackets we considered for the intervention. In this case we use the estimates already developed for the proposal for babysitting. We thus obtain a number of about 86,000 caregivers potentially falling into a first ISEE band situation, 26,000 caregivers potentially falling into a second ISEE band situation, and 9,000 caregivers potentially falling into a third ISEE band situation – this estimate does not take into account how the incidence of caregivers may be higher or lower within some of the ISEE bands among those considered.

The third and final piece is to reconstruct the employment situation of households, also differentiating according to their wealth indicator. Again, we use the estimates already developed and presented for the babysitting proposal. In this case, since we cannot observe which family member within the household decides to take on the care of the dependent family member, we use the

employment situation of the household, and not that of the direct beneficiary of the measure – wealth data are in fact processed at the household and not the individual level.

Table 4.5. Caregivers potentially attributable to different households by employment status and ISEE bracket (Thousands)

Employment status	Band I	Band II	Band III
Full-time employees only	12	8	3
At least one part-time worker (60%)	12	5	2
At least one unemployed person	32	5	1

To estimate the cost of the measure, we finally assume an average cost of €1548 monthly for the caregiver aide – €9 per hour for 40 hours per week for 4.3 weeks per month. Within the proposed regulatory framework and using the calculation method described above, with the associated recruitment, we obtain a monthly cost of the measure of about €45M, which translates into an annual cost of about €540M.

4.2.6. Conclusion

In this context as well, our proposed intervention aims to provide important incentives for care services as a means of freeing up time to devote to the labor market within the household. The cost of the

intervention should therefore be assessed in light of broader goals than just caregiving.

As in the area of babysitting, the reimbursement rates specific to each employment situation and each economic wealth bracket can be reshaped according to different policy interests and according to the availability of public funds.

4.3 Overcoming bonuses through the “Zainetto Fiscale” (Tax Backpack)

Following the two targeted proposals for fiscal intervention for domestic babysitters and caregivers, in this third part of the chapter we address tax expenditures in a more general sense. Deductions are in fact among the most popular tax intervention tools – not only in Italy – in the domestic work area. In what follows, we propose an innovative approach to the topic. Since it is not restricted to particular categories of domestic workers, the proposal we outline also applies to the case of domestic helpers, who have not been reached by previous proposals for intervention.

4.3.1. Foreword

What if we went too far? Not that the rest of the world acted differently. Far from it. Let’s talk about tax expenditure. What is it? A contemporary variant of government spending, not centralized,

but left entirely in the hands of taxpayers. Therefore, it does not involve the provision of services or the transfer of money, but the granting of an advantageous tax regime to particular taxpayers, depending on a particular mission, in relation to a particular tax, sometimes at a particular time (for example, during and after the pandemic). Of course, this advantage regime is linked to private expenditure, more or less completely financed by the state through a waiver of the collection of taxes, fees, and charges. Tax expenditures are so widespread that the OECD has made a database of all the tax expenditures of participating countries.¹⁷ The countries are all there, but all tax expenditures are not, because the great heterogeneity makes this kind of collection difficult. If we take the data reported in this database (which does not include, for example, the tax expenditures of local governments) as a default approximation, we find that on average over the past 10 years, the tax revenue renounced by the countries surveyed is around 3.5% of GDP, sacrificing 8% of revenue.¹⁸ But there are cases that go far beyond these averages. What are the reasons for “successful” tax expenditures?

- a) They are self-liquidating, so they achieve the timely economic or industrial policy purpose (the mission) for which they are established;

¹⁷ <https://gted.net/>

¹⁸ Christian von Haldenwang, Agustin Redonda, *Tax expenditures: The hidden side of government spending*, VoxEu, Cepr.org 16 June 2021

- b) They are welcomed by voters because they give the impression that the tax legislature is not blind but notices special states of need;
- c) They (theoretically) do not affect future revenue, because they can be forward-looking or they can be abolished by generating an automatic increase in revenue, without an express dedicated tightening of tax rules;
- d) The speed makes them suitable for countercyclical fiscal macroeconomic policies, which are often criticized for the amount of time they take to actually increase government spending, as seen in the recent PNRR experience;
- e) In many cases they bring out tax bases that were previously kept entirely or partly concealed from the revenue authorities because tax-advantaged goods must be paid for in a “traceable” way.

Of course, they also present multiple “flaws”:

- f) They generate habituation. They often originate as discretionary measures, but when the reason for which they were established ceases, they become difficult to remove without reducing consensus in government;
- g) Habituation can result in undesirable target behaviors. For example, the forfeiture of a tax rebate for good A, may reduce demand for good A while waiting for the rebate rule to return;
- h) The actual final cost to the treasury may not always be predicted (see the 110 bonus example); this is the case when

the tax expenditure applies to everyone, with no predetermined ceiling for use;

- i) They can generate demand bubbles of the chosen good, as well as price bubbles, when supply is not ready to respond to rising demand because it is fiscally subsidized:
- j) Disincentivizing families and businesses to solve problems while waiting for a fiscal solution to come from the top;
- k) If beneficiaries are chosen on the basis of (low) income, this is an incentive to evade or circumvent growth in the tax base. Or even an incentive to contingent activity and a disincentive to seek economies of scale (typical in the case of flat-rate entrepreneurs, who have little incentive, fiscally, to grow);
- l) They generate an economy in which freedom of choice in the consumer market is influenced by tax rebates:
- m) They have a cost to the state budget, but this cost is not as obvious as those of other magnitudes, such as the deficit. They are, so to speak, a hidden revenue shortfall not formally expressed in the budget;
- n) It introduces inequality of tax treatment among people (individuals and corporations), contravening one of the basic norms of any tax system in democratic countries (“taxes are the same for everyone”);
- o) Especially if their number is high, verification of the actual achievement of the policy objective is not always easy, and is very often omitted.

4.3.2. Tax expenditures (bonuses) in Italy

What about in Italy?

It is quickly said: According to the Commission that at the MEF annually monitors and controls tax expenditures, the latest publication of which is dated 2022 (and from which the above table is taken), the number of tax expenditures has reached

Tavola 15 - Agevolazioni ed effetti finanziari - Rapporto spese fiscali										
	2016	2017	2018	2019	2020	2021	2022	2023	Δ %	
									n. agev.ni 2022/2016	effetti minor gettito 2023/2017
N. agevolazioni fiscali erariali (t)	444	466	513	533	602	592	626	-----	41,0%	-----
Minor gettito erariale (t+1) (mld)	-----	47,8	54,6	61,7	62,4	68,1	83,2	82	-----	71,5%
N. agevolazioni fiscali locali (t)	166	170	197	180	184	129	114	-----	-31,3%	-----
Minor gettito fiscalità locale (t+1) (mld)	-----	39,5	35,3	42,3	44,8	44,2	45,4	43,6	-----	10,4%
Totale n. agevolazioni	610	636	710	713	786	721	740	-----	21,3%	-----
Totale minor gettito (t+1) (mld)	-----	87,3	89,9	104	107,2	112,3	128,6	125,6	-----	43,9%
Pil nominale tendenziale (mld) (*)	1.689,7	1.736,6	1.771,1	1.794,9	1.660,6	1.782,1	1.903,3	1.990,2		
% minor gettito rapporto al Pil	-----	5,0%	5,1%	5,8%	6,5%	6,3%	6,8%	6,3%		

(*) Fonte NADEF: 2018 per Pil 2016; 2019 per Pil 2017; 2020 per Pil 2018; 2021 per Pil 2019; 2022 per Pil 2020; Fonte NADEF 2022 rivista e integrata 4 novembre 2022 per Pil 2021-2022-2023

Table 15 Facilities and financial effects - Tax expenditure ratio

No. treasury tax benefits

Lower tax revenue

No. local tax breaks

lower revenue from local taxation

total facilities

Trend nominal GDP

Lower revenue to GDP ratio

NADEF source:

NADEF source revisited and integrated 4 November 2022

the sickening figure of 740. The number of those in the treasury is 626, which grew 41% between 2016 and 2022. Those involving Irpef are 192 – this is the tax that, affecting all citizens, should really be the same for everyone, while it has 192 possible downward variations (in different forms: deferrals, exemptions, tax credits, alterations of taxable amounts, substitute taxation and so on). It should also be the easiest tax to calculate and the easiest to verify, but obviously in these terms it cannot be. The impact, on the state budget, is not exactly trivial, because in 2022 it was calculated to be 82 billion in lost revenue in 2023, 82 in 2024, and 79 in 2025, considering only the state treasury taxes. If, on the other hand, we want to consider all of them, we are at 128.6 billion (2022), and the revenue shortfall in question is 43% higher than in 2016, when this type of expenditure was first surveyed. It is easy to see that the multi-year dragging of tax expenditures has really become a habit. Among other things, these estimates will have to be updated, because the impacts calculated in 2022 have been overtaken by reality in 2023; according to the new May 2023 estimates, the final cost of the 110 superbonus may have risen to 86 billion, versus the 41 that were initially projected and included in the budget. The final account of the subsidies, which covers the entire period of validity from 2020 to 2035, was given by Giovanni Spalletta, director-general of the Ministry of Economy, on May 23, 2023 in a House hearing. After all, it is not as if such a thing could not be suspected. The committee itself points out that 144 out of 626 fiscal measures have unforeseen and unpredictable effects on revenue, an

eventuality that should be more abstract than representing the concrete reality of state accounts. In any case, although it is difficult to attribute this record to Italy, Italy allocates far greater resources than the average of large countries to tax expenditures. In fact, in Europe, according to the OECD database, the record seems to belong to the Czech Republic, with about 10% of GDP allocated to tax expenditures between 1999 and 2020, while Germany, even without taking into account the tax expenditures of the landers, would be around 1.2% of GDP per year and France around 1.5, Spain around 1.2 (but it too, like Germany, has a federal structure and therefore central spending may not be complete). The Italian data compiled by the Commission should be more complete, and 82 billion represents 4.2% of current GDP in 2022 and 15% of assessed tax revenue in 2022 (544 billion). If we then take the entirety of tax expenditures, that is, even those that are recognized (or waived) by regions and municipalities – 125 billion – the pressure of tax expenditures on GDP reaches the impressive share of 6.2% in Italy. In short, the maneuvers that are nested within a year of tax expenditures (over 125 billion) are worth 5 to 6 times the maneuver that the minister of economy manages to bring annually to Parliament (in 2023 for 2024 the fiscal maneuvering space, obtained by deficit, is 20 billion).

It is not difficult to explain why so much use is made of tax expenditures, and the causes are easily drawn from the list of benefits above. An acceleration to the fortunes of tax expenditures in Italy came with the launch of “bonuses.” The first Tax Bonus of

150 euros was provided by Article 44 of Decree 159/07, known as the “incapienti” (no income) bonus. It compensated for the inability to benefit from deductions and allowances those who did not reach the income threshold of tax liability. It was an equitable measure. In contrast, the most famous bonus, in the wake of which others spread, was the “Renzi bonus,” or that of the “80 euro” sliding scale (one no longer received more than 26,600 euros), which in 2014 the Renzi government introduced as a “social justice” measure, and which the Conte government in 2020 extended up to 100 euros and up to the 40,000 euro threshold (39,999 euros being the maximum to benefit at the minimum). From there on, the succession of bonuses did not stop. In fact, by defining them from time to time according to a mission (earthquake bonus, baby bonus, ecobonus, curtain bonus) they spread the belief that each bonus could be attributed an effect of simultaneous improvement of the individual utility of the recipient and overall welfare of the community. Now, the first of the effects is certainly peaceful, but definitely not gratuitous. That is, there is a malus, a cost to be paid by the treasury to distribute the individual benefit to the individual recipient. That it was worthwhile to identify a certain benefit and a certain recipient was justified by the fact that all, and not just some of those in the same condition as the recipient, were in fact potential recipients. This was true for many bonuses, but not for all of them. To cash in on some bonuses were click days, which rewarded the most assiduous, motivated, equipped, and lucky people (from memory, the bicycle bonus), in fact generating tax

differences and discrimination not based on merit differences. And with that, the principle of generality and universality of the Italian tax system was violated. Some bonuses took into account the constitutional principle of uniformity in relation to the ability to pay as well as to tax progressivity. Progressivity, according to many authors, should consider both tax revenue side and expenditure. But these principles that determine costs to taxpayers (and thus also lower costs), according to parameterizations of wealth or income, have been omitted for a great many bonuses, and in some cases have even been subverted by the existence of the bonuses themselves. It is well known that in order to benefit from bonus 110 it was necessary to have ownership of an eligible property, irrespective of it being itself indicative of a capacity to pay, as a component of wealth. And it is also well known that when access to bonuses requires special expertise and experience, it also involves hiring consultants, experts, technicians, and specialists; so, to be excluded would be those who do not have the monetary – and/or other – means to access the measure. The distribution of the inevitable treasury cost, independent of the source of coverage and placed on general taxation, it induces two orders of thought. The first, is that any bonus performs a redistributive function. Of course, this is part of the game, just as it is part of the game that redistribution is not placed on selected groups of taxpayers. Yet, it cannot fail to emerge how this redistribution very often flows out of the two major conduits that channel or should channel redistributive fiscal instruments, which are the so-called passive

channel of redistribution, obtained implicitly from the IRPEF rate curve, and what we would call the active channel of redistribution, which uses the INPS as a source of disbursement. The opening of “hundreds” of new redistributive rivulets poses a problem of the ability to control not only tax expenditures, but the ability to quantitatively and qualitatively assess redistribution effects. Moreover, the financing of bonuses is often “trivialized,” so to speak, by resorting to the description of abusively Keynesian “multipliers” that would develop additional incomes and thus additional tax bases, such as to allow additional revenue that is almost always subject to overestimation. The overestimation of this revenue stems from the fact that, with an average tax burden of 43.4% (and a marginal tax burden hovering around 50%, the return multiplier of a tax expenditure or bonus should be, on average, between 1.8 and 2.3. The OECD semi-structural macroeconomic model credits a government spending multiplier of between 0.8 and 1.2 times the impulse in the short run, falling to 1 in the short run. The Bank of Italy’s DSGE model is more optimistic and opens hope for a multiplier of 0.7 in the short run and 1.5 over a less short period. The EU Commission’s DSGE model estimates are in the range of 0.9 to 1.3. In all cases, these multipliers are “gross,” and not differential. That is, they do not take into account the fact that any public spending, and thus any bonus, must be financed and thus the additional spending has an impact in macroeconomic terms, perhaps with a multiplier greater than 1, but we are in the dark as to how much the same impulse would have had an impact if the

equivalent had remained in the hands of the taxpayers who bore the burden. Of course, there is always the possibility that the bonus or tax expenditure is decided “at the margin” of consolidated government spending, and in a condition of a general government deficit budget. In which case, the impact would certainly be expansive (albeit still around 1 in net terms, over the single period, because the relative taxation will burden future taxpayers, who are off-budget. As much as these arguments may seem like a digression, they are not. It emerges that no multiplier, among those that have been discussed, gross or net, ever reaches the level of 1.8-2.3, which is necessary to self-finance a tax expenditure with future revenue, which should lead to selective reasoning about which tax expenditures to finance, while in the last two decades the road of bonuses has become a highway, with largely misleading signs of access, in terms of the effects they are concretely capable of producing, both in terms of impact on growth, in terms of achieving desired economic policy objectives, and in terms of distributive equity and distribution of tax burdens in relation to the general and constitutional objectives of the tax system. The NadeF of 2023, which was just voted on in late September 2023, highlighted how the so-called 110 bonus will result in an unanticipated increase in public spending of 80 billion over 4 years. The same report documented that the sudden growth in demand in one segment of the construction industry (and not in general construction) has resulted in price inflation of some materials and services of more than 50%, recorded by the price lists that are

compiled at the Chambers of Commerce, justified by the inability of supply to adjust quickly to the sudden demand in only one segment of the construction industry. When the catalog of tax expenditures and bonuses reaches 626 rows of different options, policy design becomes uncontrollable through data, both before, during, and even after. The desires with which bonuses are born, and not only in Italy, can be shared. And there are probably more than one: to produce fiscal relief and thus a (perhaps countercyclical) increase in disposable income, quickly and selectively. That is, to urge an increase in private spending that produces a general positive outcome, a kind of externality, such as a reduction in national energy dependence on fossil fuels. That is, solicit increased spending in response to needs that the public care system does not meet (the babysitter bonus). But the bulimic proliferation of tax expenditures and bonuses has produced, along with some of the desired effects, also undesirable effects, such as their entrainment and stabilization, the modeling of a tax system that is in fact not as general, uniform, progressive and equal for all as it should be, the uncontrollability of the outcomes of many tax expenditures. Moreover, although we have no data on hand to give value to this claim: an imitative race has been generated by local and regional governments to rescue individual economies with bonuses (the latest in order of arrival is the transport bonus in Piedmont of 100 euros for owners of polluting diesel vehicles, up to Euro 5, independent of income or ISEE, independent of the scrapping of vehicles, expendable in the TPL system, with no guarantee that it

will be spent to replace the use of private vehicles, because it could simply finance the normal TPL expenditure of owners of diesel vehicles. Substantiated in this case would be an increase in the disposable income of beneficiaries without a single euro of extra funding reaching public transport. In essence, an arbitrary tax rebate. The discreet ease with which tax expenditures and bonuses (which are tax expenditures, but do not exhaust the types) have been accommodated within public budgets to the nontrivial number of 626 – just those of the treasury – has made them, among other things, the object of short-term targeting of professional (and nonprofessional) categories of all kinds. Municipalities are increasingly deciding on the provision of taxi bonuses to categories discriminated against in mobility (while shying away from increasing the number of licenses, which could result in cheaper cab rides for all). Automobile industrialists have blamed the government for the anemia in their sector, because bonuses for buying cars (green, as there is always, or almost always, the need of an ethical motive behind bonuses) would be less generous than those granted by other countries in Europe. Discreet satisfaction, vice versa, in the furniture and home appliance industry: because in 2023 everyone, but really everyone who by renovating a house bought furniture and large appliances was granted, by asking for it, a 50% bonus, up to 8,000 euros. Obviously, the appliances must be “green,” yet we don’t get why on earth those who have the means for a new house to renovate should be helped by the general contribution to pay for their new furniture, and those who do not

have the money for either a new house, and perhaps not even for a property, and are a tenant in a lease, on the other hand, have to pay for the furniture themselves. In any case, in the folds of the furniture bonus lies one of the incompatibilities with rational budget planning, namely the availability for those in government to have discretionary “fiscal space.” We could understand, if a certain bonus was born in the midst of a momentous industry crisis. But this is not quite the case: the Italian furniture industry is in good health, in fact, excellent. At current prices, its turnover reached 28.1 billion in 2022, an increase of 11.1% over 2021, the fourth best performance in Europe after Sweden, Spain, and Poland, but above all, in 2021, the year following Covid, it surpassed the top of the class, namely the Germans, at the top of the European ranking, and in 2022 it retained European primacy. Yet the furniture bonus was already scheduled to last until the end of 2024, and then we will see. It is an example of the temporal continuity that bonuses enjoy, once they are invented and included in economic planning. When a bonus is sacrificed, reduced, lowered, it is usually not because it was subjected to a careful data-driven evaluation. Rather, it is because the measure was so exaggeratedly wrong that it produced undesirable ripple effects (such as the 110 bonus), which, moreover, were quite predictable, so much so that they became blatantly visible and materially unsustainable.

What if we change the method? There are cases and disciplines in which the outcome depends on the method chosen to achieve it,

even when objective or mission is the same. Public finance is one area where this statement should work.

4.3.3. An alternative to IRPEF bonuses for families. The two macro-missions

In the meantime, let us narrow down the field. In the remainder of this paper we could deal with only tax expenditures and/or bonuses that affect individual taxpayers and personal income tax. In other words, let's narrow it down to households. We are talking about 192 tax expenditures that impact 42 billion in lower IRPEF revenue (and thus equal incentive to make expenditures in that amount or a larger amount, depending on the percentage of financing of the eventual expenditure or the marginal propensity to consume the increase in disposable income). If the rules did not change, and they will to some extent, however, with unchanged legislation one can calculate 44 billion IRPEF-tax expenditures in 2024, and 46 billion in 2025.

Let us add a consideration, which will be useful when designing a new tool: in general, there are two categories of bonuses, in terms of mission orientation. In fact, as a rule, tax missions are dispersed over a rather wide range, and are closely related to the goods and services they enable to be purchased/facilitated. Missions are therefore industry-defined even when the beneficiary is the consumer taxpayer.

Let's change perspective. Let's redefine bonuses by grouping missions together. Missions can indeed be divided into two broad categories: A) those meant to provide an extraordinary supplement of effective spending capacity to people, in relation to commitments that would be limited, conditioned, rationed by the current income produced and/or received at a certain moment in the life cycle; B) those meant to determine additional consumption of or additional investment in goods and services that aim, as an intermediate goal, to support the income cycle and as an ultimate goal to improve total factor productivity and, ultimately, Italy's relative competitiveness.

Starting with the first objective, that is, macro-mission A, which we will call "Inclusive Mission," voluntary or residual savings are not always sufficient to meet needs such as care of the home, the elderly, family members with skill limitations, or such as further education or other such needs, including health care and care that must be offered to those with chronic illnesses, especially in old age. But even the simple running of a household can put a couple or parent at a disadvantage, limiting both their job offerings and their ability to access continuing education. The insufficiency of individual savings to cover these needs arises from a concurrence of events, all factually part of contemporary reality. Meanwhile, these events tend to appear and become an emergency more fatally than in a planned manner. Second, the maximum commitment of care, education, health and training expenditures by households does not occur at the peak of the income time curve, but typically

earlier. That is, the needs precede the formation of an adequate capacity to finance them. Then there is the issue of generational inequality in the availability of income, wealth and savings flows, which has grown. In other words, one cannot wait for an individual career to bring income up to the level sufficient to cover some essential needs, because they arise before the peak, and in some cases are unrelated to individual economic conditions both current and future. The fiscal space to make the right of access to this category of goods universal is not sufficient, but the merit of public incentive exists. The complementary part of bonuses that are not classifiable under A and are intended for taxpayers and households belongs to macro-mission B, which we will call “Competitive Mission.” It is a rather stretched macro-mission, since the proof that these bonuses have a transformative effect on the overall production function has never been given. Let us say that they are based on strong a priori beliefs, and considerable ability to influence interest groups. But while the potential demand for the goods accessible with “inclusive bonuses” is often external to the will of households, but arises from the factual conditions of life, “competitive bonuses” become potential demand by virtue of individual specific will, and become actual demand through the filter of the tax subsidy. We do not want to express any preference for bonus A and bonus B, because the relationship between the two at the general level may mean a different vision of society and a political preference. However, it is uncontentious that in the present context there is no relationship between the fulfillment of

A and B needs. Each bonus has its own small or large endowment chapter, sometimes destined to enlarge as it is disbursed.

All taxpayers have a priori a right of access to inclusive bonuses, but they are limited by the space allowed for bonuses (some do not exist at all; for example, health insurance does not enjoy tax benefits, and this is not the only case), as well as by their own objective conditions. All taxpayers have a priori the right to access competitive bonuses, but they are in fact limited by their starting asset and income conditions, as well as by their ceiling and access filters.

4.3.4. The proposed *zainetto fiscale* or tax backpack

We propose a different approach.

The starting point is the realization that A and B bonuses derive funding or tax space from the general tax base, so they should ensure access to taxpayers that is uniform, proportionate to needs, respectful of the limits of the general public budget, and respectful of the general principle of progressivity in both the financing of spending and its use. Our approach also seeks to introduce four innovations:

- The consideration of the entire life cycle of the taxpayer;
- The competition of bonuses or tax benefits with each other (“you can’t have it all”);

- Freedom to choose the allocation of bonuses based on individual/family priorities;
- The transferability of bonuses within the household.

Imagine that bonus entitlements are expressed by a nominal amount, which each taxpayer accrues annually and can use, or else set aside. If set aside, it goes into a backpack of tax credits, ready for use when the need arises, according to the use limits set by the government for Mission A and Mission B, each of which is broken down into several possible options. List A could include expenses for health insurance and LTC, for the remuneration of domestic staff such as caregivers, babysitters or domestic helpers, or even expenses for education and training, including continuing education. Purchased goods and services must, of course, be tracked and provided by entities qualified to produce them. List B could include expenses, among others, that currently make up the 15 different bonuses involving construction and housing in general.

The credit set aside in the backpack is not frozen but grows over time and can later be collected directly or transferred to a family member, increased annually by a proportionate amount to nominal GDP growth. This mechanism is used to stimulate setting aside in the backpack for self-retirement purposes.

Annually, the *backpack* will therefore contain the capitalization of the unused credit at the end of the previous year, which will be increased through three amounts: an equal amount for each taxpayer, one increasing with income, and a third amount

associated with individual and family fragility conditions. For example, the age of the taxpayer and the number and age of actual dependents under 24, over 70, and with disabilities will have to be taken into account.

One can utilize the backpack by taking a tax credit from it up to 150% of the backpack (when in the following year the backpack, post-utilization, exhibits a negative credit, utilization would be denied until it returned to a positive amount). Utilization can, of course, be on more than one bonus from the two lists. The lists may be updated annually through the stability law. Tax credits are granted on the basis of a percentage of the amount spent that can be annually defined but cannot exceed 42% of the expenditure. In fact, 42% is, according to our calculations, the fiscally neutral share in macroeconomic terms considering a multi-year time frame (to definitively exclude cases of surprises such as 110%).

Below is the simulation of the theoretical backpack (without withdrawals) during a person's lifetime (starting at age 18), calculated according to the following parameters: 2 dependent children, one disabled elderly dependent, flow of the backpack equal to the fixed sum 150 euros per year, plus 1% of total income, plus 5 euros for each year of age of the dependents, including oneself (with a reverse adjustment for children).

Figure 1 - Formation (provision plus growth) of the annual tax credit backpack of a typical taxpayer, without withdrawals. Year 1 corresponds to the taxpayer's age of majority. Values in real euros

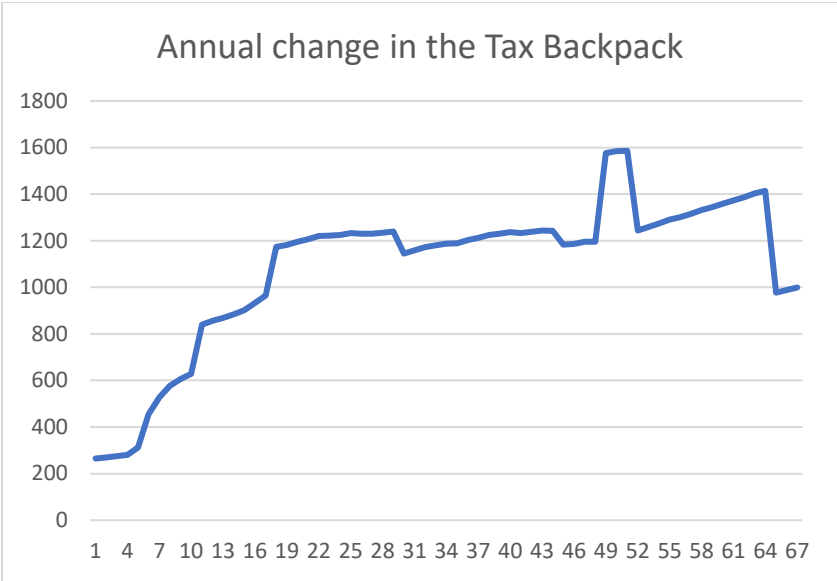
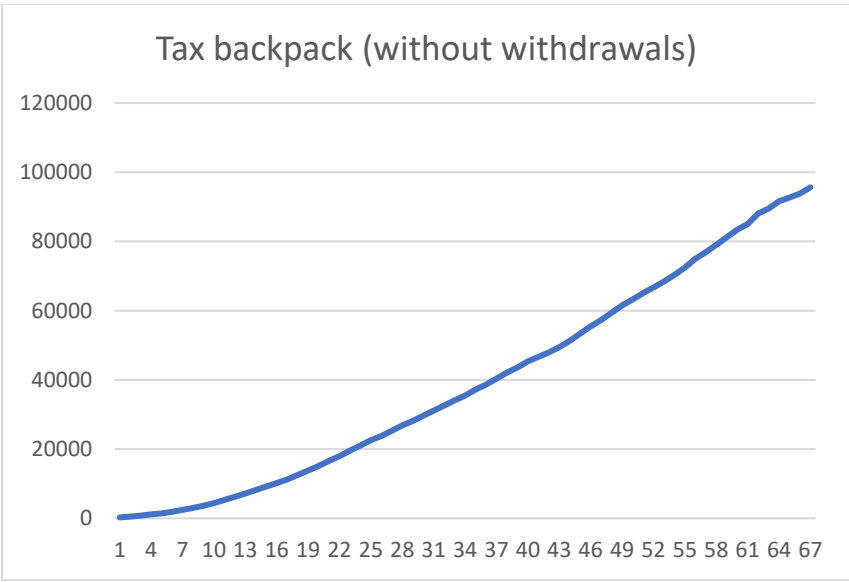


Figure 2 - Dynamics of the same taxpayer’s tax credit backpack, without withdrawals. Values in euros.



4.3.5. Conclusions

By accumulating a *backpack* of tax credits derived from one's income and allocated by the government according to merit criteria, families and individuals could access goods and services that fulfill the inclusive mission more than they can today. There could be more employment of legally framed domestic work, more health insurance and long-term care, more spending on continuing education, more job offerings from parents.

A new "backpack" system, different from the current one, would allow for better control of public tax expenditures and a distribution of bonuses that reflect the universality of rights of access to certain goods that improve inclusion, while respecting general principles on taxation and the principle of progressivity of expenditure sharing.

"Backpack" bonuses do not neglect the issue of total factor productivity and sectoral incentives, for example in housing and construction financing, but are framed in a context of "equal competition" with inclusive bonuses.

The system incentivizes rational use of tax credits throughout people's lifetimes, and thus rewards people's financial planning and education over the ill-distributed "opportunistic bargain-harvesting" that characterizes the current system.

There is, needless to deny, the issue of transition from the current system and the proposed one, which needs further study and investigation.

4.4 The limits of generalized subsidies

In the previous sections, we have outlined our proposals for fiscal interventions in the area of domestic employment. On the one hand, these proposals are characterized by a targeted and conditional approach to labor market participation by household members with a domestic worker in their employ – as in the case of babysitters and caregivers. On the other, the generalized *zainetto fiscale* proposal includes other types of conditionality, with the aim of ensuring both the sustainability and equity of the intervention.

In this final section we therefore propose a study of the costs and sustainability of alternative, generalized and unconditional fiscal interventions.

4.4.1. The tax exemptions of wages for domestic workers in Italy and abroad

Payroll tax exemptions are the reduction or elimination of taxes and social security contributions that burden labor costs. These measure can have several objectives, including:

- Stimulating employment and productivity;
- Reducing undeclared work and tax evasion;

- Increasing the disposable income of workers and households;
- Supporting domestic demand and economic growth.

In the specific case of domestic work, tax exemption essentially concerns the tax relief granted to employers, based on the family but also social utility of domestic work, and can be seen as a tool to encourage the emersion of undeclared work, which according to some estimates entails more than 50 % of domestic workers in Italy. In addition, tax exemptions can help families meet the costs of domestic work, which have increased in recent years due to wage and contribution adjustments under the CCNL (collective bargaining agreement) for the category. Starting in January 2024, an increase in wages, on average of 3 to 4 %, is expected.

Currently, in Italy, domestic employers can benefit from a deduction of the contributions paid for a maximum of €1,549.37. In addition, in some cases, they can also benefit from a tax credit equal to 19% of the expenses incurred for domestic work (in the case of income of less than €40,000, and work provided for the care of disabled people and up to a maximum of €2,100). These tax benefits were introduced in 2015 by the Legge di Stabilità (Stability Law) and have been extended until 2023.

According to INPS data, between 2015 and 2021, there was an increase in the number of legal domestic workers from 824,000 to 970,847, but by 2022 this number had fallen to 894,299. However,

it is not possible to determine with certainty how much of this increase is due to tax exemptions and how much to other factors, such as the economic crisis, increased supply of domestic work by immigrants, or awareness campaigns on the issue.

To have a term of comparison, we can look at the experiences of tax exemptions carried out in other European countries, where the phenomenon of undeclared work in the domestic sector is also widespread. Some examples are:

- **France**, which since 1992 has introduced a **voucher** system (*chèque emploi service universel*) that allows domestic employers to pay workers with prepaid vouchers that to start with include taxes and social security contributions. In addition, employers are eligible for a **tax deduction of 50%** of expenses incurred for domestic work. This system has led to a sharp reduction in undeclared work in the domestic sector, which fell from 49% in 1990 to 10% in 2010.
- **Belgium**, since 2004 has introduced a similar system, based on **vouchers** (*titres-services*). It allows domestic employers to pay workers with vouchers that can be purchased online or at post offices. Again, employers are eligible for a **tax deduction of 30%** of the expenses incurred for domestic work. This system has led to a significant emergence of undeclared work in the domestic sector, which fell from 62% in 2004 to 12% in 2013.

- **Sweden**, which since 2007 has introduced a **tax deduction** (RUT-avdrag) of 50% of expenses incurred for domestic work. This measure has had a positive effect on the emergence of undeclared work in the domestic sector, which fell from 37% in 2006 to 18% in 2012.

In conclusion of this section, we can say that payroll tax exemptions for domestic workers can be a way to counteract undeclared work and promote employment and household welfare. Italy's tax exemption strategy, however, being quantitatively less significant than that introduced in other countries, may have had limited or no impact at all on labor emergence, nor on the liberation of the female labor force, supported by domestic work in household and personal care occupations. Therefore, we introduce a methodology to assess ex-ante the potential impact of a tax exemptions recalling the three foreign cases we analyzed.

4.4.2. The model for estimating the effects of a general tax exemption for domestic work

We can consider the data presented above to study the emersion effect. According to official data collected by INPS and presented together with Nuova Collaborazione, we have that there were 894,299 domestic workers in good standing in 2022 and, according to the estimates of Osservatorio Domina, 52.3% of domestic workers were working off-the-books in 2022. We thus start from a theoretical number of domestic workers, between official and

undeclared, of about 1,863,123, in which the share of informal (undeclared) workers is estimated at 968,824.

At this point, imagining that we grant taxpaying employers an intermediate tax deduction compared to those granted abroad (by assumption, 35%), we consider that it is potentially possible to reduce the percentage of undeclared domestic workers to 16%, in line with the average residual value of foreign cases, a reduction of 36 percentage points from the current condition. 36 percentage points of the total labor stock should, by assumption, emerge.

This is a hypothesis, which, in order to be made realistic we believe requires the accompaniment of specific strong deterrence measure, if not the actual sanctioning of the use of illegal domestic labor.

Before illustrating the results, we had to reflect on the distribution of domestic work by categories. Therefore, we considered the distribution of regular workers separately from that of irregular workers. To find the latter, we drew the weights from the diffusion coefficients of domestic work from the study “*Welfare familiare e valore sociale del lavoro domestico in Italia*” (Family Welfare and the Social Value of Domestic Work in Italy) conducted by Censis and Assindatcolf in 2022. This study analyzed the profile of demand for domestic services by Italian families, the motivations that drive them to use domestic helpers, caregivers and babysitters, and the sustainability of the expenditure borne by families, in order to have these services. According to the study, 79.5% of families require the

services of a domestic helper, 20.5% those of a caregiver, and 7.1% those of a babysitter. Moreover, according to research from the University of Milano-Bicocca, in 2017 68% of caregivers were cohabiting with the care recipient, while 32% were non-cohabiting. Thanks to these data, we estimated the following table on the distribution of regular and irregular domestic work by category. This was necessary to then apply the emersion rates to undeclared work by category, and not to emerged work, given the obvious disparity in percentage. In fact, as can be seen, regular domestic work is overwhelmingly that of caregivers, while at the same time, this is definitely unrealistic. Emergence, therefore, should occur significantly in the area of domestic helpers.

Table 1- Theoretical distribution of regular and irregular domestic work by category.

	DISTRIBUTION TYPE EMERGED		SUBMERGED DISTRIBUTION		DISTRIBUTION TOTAL	TOTAL EX- ANTS
	cohabiting caregivers	40.8%	364.874	13%	126.593	26%
non-cohabiting caregivers	19.2%	171.705	6%	55.795	12%	227.501
domestic helpers	30.0%	268.290	75%	721.959	53%	990.249
babysitters	10.0%	89.430	7%	64.477	8%	153.907
		894.299		968.824		1.863.123

Even if one imagined bringing out any percentage of undeclared labor through tax exemption measures, well accompanied, however, by a framework of deterrence, including sanctions, of the

use and supply of undeclared labor, tax exemptions would also produce an incentive to increase the supply of women's labor, freed from domestic and family care commitments.

According to ISTAT, women spent an average of 3 hours and 48 minutes per day on household and care work in 2020, compared with 2 hours and 6 minutes for men. This means that women performed 62.6% of the total time spent by both partners on family work. This unpaid workload limits women's opportunities to enter the labor market or advance in their careers, leading to losses in income, pension and welfare.

Thus, the availability of a domestic worker within a household can potentially free women from some of their unpaid domestic and care work and allow them to spend more time on paid work or training. However, this effect is neither automatic nor uniform, as it also depends on other factors, including:

- domestic labor costs and household economic capacity;
- quality of household work and family satisfaction;
- regularity of domestic work and protection of workers' rights;
- domestic labor supply and demand, and market composition;
- tax and social security policies that incentivize or disincentivize the hiring of domestic workers;

- public policies that do or do not offer alternatives to domestic work, such as daycare centers, senior centers, parental leave, flexible hours, telecommuting, etc.

Internationally, there are various experiences and models of the relationship between domestic work and potential female labor supply. For example:

- In some European countries such as France, Germany and Belgium, there are voucher or work voucher systems that allow families to pay domestic workers with a simplified form of social and tax contributions. This system has encouraged the regularization of domestic work and has helped to increase female employment.
- In some Nordic countries such as Sweden, Finland and Denmark, there are universal and free or low-cost childcare and elderly care systems reducing the need for families to rely on domestic labor. This system has promoted gender equality and helped to increase female employment.
- In some Latin American countries, such as Brazil, Argentina and Chile, there are laws recognizing the rights of domestic workers and providing a minimum quota of working hours per week. This system has fostered the formalization of domestic work and helped to increase women's employment.

In the rest of this paper, we have assumed that each percentage point reduction (taxation) in the cost of domestic labor can increase

the demand for domestic labor by 0.27 percentage points, which would correspond to the ability to activate 20% of the potential demand that goes unsatisfied due to non-complete sustainability of the cost of domestic labor, and 50% of the potential demand that goes unsatisfied due to complete unsustainability of domestic labor.

Using these technical estimates, we arrive at an increased demand for domestic labor that, if met, should be able to free up one and a half hours of additional labor in the Italian economy for every additional hour of domestic labor produced.

4.4.3. Simulations and main results on the domestic work sector

4.4.3.1. The simulation of domestic work units

The first effects concern the stock of domestic workers. The model estimates an increase from 1,863,123 workers (emerged and undeclared) to 2,041,244 (+9.5%). The percentage of workers who would remain undeclared (326,599) would drop from 52% to 16%. Emergence would affect 642,225 workers, increasing the regular stock from 894,299 to 1,536,524 (+71%). This emerged stock seems significant, nonetheless it appears to be in line with the shares of emersion achieved by similar domestic labor tax exemption measures in the rest of the world. The phenomenon of emersion would concern the case of domestic helpers (478,581) because it

seems to be the segment where there is more supply and demand for undeclared domestic work.

The additional demand, i.e., that which is brought about by the expansion of the labor stock freed up by tax-incentivized domestic work would amount to 178,121.

Table 2 - Emersion Simulation

EMERSION SIMULATION	REGULAR EX ANTE	EMERGED	IRREGULAR RESIDUALS	TOTAL EX ANTE	ADDITIONAL DEMAND	TOTAL
cohabiting caregivers	364,874	83,917	42,675	491,467	65,611	557,077
non-cohabiting caregivers	171,705	36,986	18,809	227,501	28,934	256,435
domestic helpers	268,290	478,581	243,379	990,249	82,191	1,072,440
babysitters	89,430	42,741	21,736	153,907	1,385	155,292
	894,299	642,225	326,599	1,863,123	178,121	2,041,244

Obviously, domestic workers in different categories have different (actual) wages and different working hours. Specifically, we estimated the following annual hours per work unit:

Table 3 – Hours Worked

HOURS WORKED.	estimated model	theoretical
cohabiting caregivers	2300	2592
non-cohabiting caregivers	1400	1519
domestic helpers	988	895
babysitters	695	895

As well as the following average effective hourly wages, including the expected average increase paid as of January 2024 (Table 4).

Table 4 – Hourly Wages

HOURLY WAGES	GOOGLE Source	MEDIUM
cohabiting caregivers	8.53	9.3
non-cohabiting caregivers	9.36	10.2
domestic helpers	7 -10	9.3
babysitters	8.06	8.8

Thanks to these tables, we have therefore converted the table on domestic employment generation into a table of pro-forma total wages (millions).

Table 5 – Salaries

SALARIES (VA, MILLION €)	REGULAR EX ANTE	EMERGED	IRREGULAR RESIDUALS	TOTALS EX ANTE	ADDITIONAL DEMAND	TOTAL
cohabiting caregivers	7,834	1,802	916	10,552	1,409	11,961
non-cohabiting caregivers	2,462	530	270	3,263	415	3,678
domestic helpers	2,466	4,399	2,237	9,101	755	9,857
babysitter	548	262	133	944	8	952
domestic workers	13,311	6,993	3,556	23,860	2,588	26,447

Wages (gross all-inclusive, i.e., labor costs) would rise from 13.3 to 26.44 billion. Of the latter, 6.9 billion are declared and 2.5 billion are additional regular wages. There would remain 3.5 billion (estimated) undeclared domestic labor costs.

These data are sufficient to calculate the fiscal impact of the tax-deferral measure, at least in the narrow scope of domestic work.

4.4.3.2. The fiscal impact of tax exemptions for domestic work in the same sector only

To calculate the fiscal impact, it is necessary to first consider current revenue, then prospective revenue. After, it is also necessary to consider the current relief scheme.

In fact, those who currently hire a domestic worker or caregiver can take advantage of certain tax benefits, such as the deduction of

social security contributions paid to INPS and the deduction of expenses incurred for personal care.

The deduction of social security contributions applies up to a maximum of 1,549.37 euros and concerns only the employer's share. The deduction should be reported on the 730 or Personal Income Form in the "Other Deductible Charges" section.

The deduction of expenses incurred for personal care applies to 19% of the actual expenses incurred, up to a limit of €2,100. The deduction applies only if the domestic worker or caregiver assists a dependent or severely disabled person. It has existed since 2015 and has been extended in 2023. The deduction should be reported on the 730 or Personal Income Form in the "Charges and Expenses" section.

In the case of our impact simulation, these two benefits would be reabsorbed by a tax deduction equal to 35% of the total expenses incurred, i.e., labor costs.

	Current situation			New taxation			Delta
	Current gross tax collection	Reliefs	Net tax collection	Current gross tax collection	reliefs	Net tax collection	
cohabiting caregivers	2756.5	-1177.5	1579.0	3886.1	-3865.7	20.5	-1558.5
non-cohabiting caregivers	866.4	-201.4	665.0	1199.0	-1192.7	6.3	-658.7
domestic helpers	867.6	-176.3	691.3	2681.0	-2666.9	14.1	-677.2
babysitters	192.9	-28.8	164.1	288.1	-286.6	1.5	-162.6
ALL	4683.4	-1584.0	3099.4	8054.2	-8011.9	42.4	-3057,0

As shown, taxation (theoretical, including contributions) on domestic work would allow for a 75% increase in collections from 4.6 to 8 billion in theoretical gross tax and contribution revenue. However, the simulation highlights that the relief would increase from 1.6 billion (theoretical current situation) to 8 billion. This increase would thus almost completely displace the increase in revenue. Despite the fact that, therefore, the tax exemption measure is completely self-financing with the revenue generated, in almost mirror-image amounts, the current net tax and contribution revenue (lost and to be financed) would be considerable, and amount to €3.057 billion per year.

4.4.3.3. Beyond the industry perimeter. The effect of value-added generation and related tax revenue increase

As we indicated in section 4.4.2., the tax exemption for domestic work for potential employers may be among the factors – but not the only one – in increasing the potential labor force and actual employment. According to the ISTAT Labor Market 2020 report, women dedicated to unpaid care and domestic work were 23.9% of total working-age women in 2019, while only 6.8% were men. This means that women performed almost four times as much domestic work as men. Also, according to ISTAT, in 2020 and 2021, in couples, women between the ages of 25 and 44, i.e., thus definitively of working age, spend 62.6% of their time on care and domestic work, thus displacing employment and earned income as well as

careers, which when they exist, are typically part-time. This means that by having sustainable domestic work, the pool of women who could increase the labor supply is at least 62% of women aged 25-44, or 62% of 9.3 million: this means that 5.7 million people could participate in the labor force or increase the time offered in the labor market.

Although the estimate provided is only a hypothesis and should be supported by behavioral economics experiments, it should still be considered as an achievable prospective scenario, with some effort and under certain conditions.

We start with the 178,121 units of additional domestic work demanded as a result of its increased sustainability; these would correspond to 273.6 million additional annual hours. Assuming that they allow for the increase of 1.5 hours of labor supply for each additional hour of domestic work, there would be 410.4 million hours of additional employment (equal to 158,000 labor units), which at an average hourly wage of the system-Italy of €29.4, and with an average labor productivity coefficient of 1.3, would be able to produce an additional added value of 15.6 billion, corresponding to an additional fiscal effect of 6.8 billion.

Therefore, the measure of “increased tax exemptions” for domestic labor would result in potential effects, both in terms of labor revealed and labor created, both domestic and non-domestic. The increased cost of tax exemptions is not recovered within the

domestic sector, but only through the induction of additional labor and regular employment.

Potential gross effects of the 35% measure on domestic work and the general economy			
	emersion of domestic work	creation of domestic work	generating additional non-domestic work
value added (millions)	6,993	2,588	15,684
employment	642,225	178,121	158,321
tax revenue (millions)	2,460	910	6,823

4.4.4. Concluding remarks and limitations of the simulation

Should the assumed 35% tax deduction measure be such as to achieve the effect of surfacing undeclared domestic work, either alone or in combination with other non-fiscal strategies, the measure itself would have a certain fiscal cost to the treasury (given by the difference in collections, minus the difference in reliefs) of about 3 billion per year. In fact, the reliefs would increase from the current theoretical 1.5 billion to 8 billion. The mere emersion of undeclared work, up to submerged percentages (16%) equal or similar to those in countries where similar measures have been introduced, cannot be achieved in budget balance and by self-

financing the measure. Barring, of course, increases in the tax and contribution levy on domestic labor.

However, the simulation shows that if the measure frees up labor, mostly female, from care work, and if this was to be employed in the economy on terms equal to the average national employment (+158,000 ULA), the value-added creation effect (+15.6 billion) would bring in an increase in direct, indirect and induced tax revenue of 6.8 billion, which would raise the increased revenue to a total of 10.1 billion, that would offset the increased relief of 6.4 billion, giving the policy a tax efficiency rating of 1.6.

Efficiency of the maneuver and its limitations			
pre-tax-relief	1584.0	greater relief	6427.8
post-tax-relief	8011.9	higher revenue	10,194
		fiscal effectiveness of the measure	1.6
new value added / delta relief	2.8	new value added / delta relief	3.9

It should be noted, however, that:

- While evidence from at least 3 foreign cases is available on the emersion effect, we therefore consider it possible, although not achievable without accompanying measures to deter irregular labor, the employment opportunity generation effect also depends on labor market mechanisms and skill training processes, which in Italy

appear in the former case extremely viscous or deficient. The effect on employment induced in other sectors, therefore, should be investigated further, probably experimentally.

- As for the appearance of emergence effects, we point out that in foreign cases they appeared over a period of time, not instantaneously. This may result in an extra cost of introducing the resource in the first years of application. In this respect, too, we stress the sensitivity of the introduction of the measure, which should be accompanied by integrated measures.
- We have done the simulation of the 35% deduction because it is essentially neutral in terms of cost and tax (and contribution) collections on domestic work, but the measure may not be sufficient to develop the effects that have been seen in foreign cases. In Sweden, for example, the deduction is 50%. Should the deduction % be stressed, raising it to 50%, the effects on revenue, net of the impact would be: 11.4 billion would be needed in tax relief needed and there would be a worsening of current public finance conditions of 6.5 billion per year net. Even taking into account the additional revenue brought about by the creation of predominantly female employment in other employment sectors, this effect would be completely sterilized by the cost of the relief maneuver.

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Simulation in case of 50% deduction							
	Current situation			New taxation			
	Current gross tax collections	collections	Net tax collections	Current gross tax collections	reliefs	Net tax collections	Delta
cohabiting caregivers	2756.5	-1177.5	1579.0	3886.1	-5522.4	-1636.3	-3215.2
non-cohabiting caregivers	866.4	-201.4	665.0	1199.0	-1703.9	-504.9	-1169.9
domestic helpers	867.6	-176.3	691.3	2681.0	-3809.9	-1128.8	-1820.1
babysitters	192.9	-28.8	164.1	288.1	-409.4	-121.3	-285.4
	4683.4	-1584.0	3099.4	8054.2	-11445.5	-3391.3	-6490.6

Of course, we wondered why such onerous measures have been adopted in other countries, and considered then the overall impact, which obviously depends on the size of the population to which it is applicable. Now, if we look at foreign cases in comparison with Italy, we see how, probably because of the greater availability of welfare services in other countries, the percentage of domestic workers in Italy is already higher than average (irregulars excluded). And this is a percentage that takes into account only regular work, while we have to infer that irregular domestic work, in the countries we considered as initial benchmark, is now at physiological percentages.

Country	Total domestic workers	Employed by all sectors	percentage of domestic workers in the total
Italy	894,299 ¹	22,860,000 ²	3.9%
France	1,000,000 ³	28,500,000 ⁴	3.5%
Germany	700,000 ⁵	44,800,000 ⁶	1.6%
Spain	600,000	19,300,000	3.1%
United Kingdom	670,000	32,400,000	2.1%
Sweden	150,000	5,200,000	2.9%
Finland	50,000	2,500,000	2.0%
United States	2,200,000	157,200,000	1.4%

By bringing out a large part of the illegals, the pool of regular employment that would be the condition for granting deductions would be very high in Italy, triple that of major foreign countries. So, the same tax deduction measure in other countries would cost proportionally three times as much in Italy. Thus, it is fully evident that it is an easier measure to introduce and sustain on the public budget in countries that have a small percentage of domestic workers, also in view of a more comprehensive system of universal welfare services than in Italy. While it would have a comparatively triple tax burden in Italy.

For all these reasons, we believe that such a measure should be carefully evaluated, for example a) accompanying the measure with mandatory certification of domestic workers' skills, where, moreover, we are on the right track, as in the field of training for family caregivers there are already recognized certifications (Ebiconf - CFR NORM UNI 11766:2019); b) setting an ISEE limit to benefit from the

maximum deduction; c) granting a minimum deduction and raising it if and when at least one member of the employer's household, as a result of this, becomes permanently employed; d) providing a system of controls and sanctions for potential cases of abuse; and e) possibly experimenting with it for a limited period of time and conditioning its duration on the effective emergence of the underground economy, also for this purpose by raising awareness among all social partners.

For overlapping reasons, including the previous ones, this is a measure that, even in the 35% version, at this time would find limits to fit within the fiscal maneuvering space in Italy, which will be committed to reducing public debt by 140% of GDP in the coming years, under the more flexible rules of the new "*Patto di stabilità e crescita*" (Stability and Growth Pact). An austerity trajectory is foreseeable, given also the rise in borrowing costs that followed inflation and rising rates. We can only hope that more favorable times will come in the near future. At this specific juncture, Italy will unfortunately have to devote more time to restructuring fiscal instruments and thus to restructuring tax expenditures, of the ascertained cost (in 2022 over 2023, but probably exceeding) of 128 billion annually. However, in this overhaul, the remaining tax expenditures should focus more on labor inclusion and household welfare than on incentivizing productive sectors.

In any case, under the current contextual and fiscal conditions, such a measure could not be universal, and in order to find fiscal space, it would have to be sought in competition with other tax expenditures, so that the use of one bonus would induce the exclusion of the use of others, so that the dimension of objective family need prevails. One possibility is to advocate for a general reform of tax expenditures, in the structure that we have written about elsewhere in this paper called the “*zainetto*” (backpack) reform.

STATISTICAL APPENDIX



The Centro Einaudi marked sixty years of activity in 2023. Inspired by the Einaudian phrase, “know in order to deliberate,” it leads research within the liberal tradition, on its own projects or in partnership. Areas of expertise are political economy, international economics, empirical economic analysis, political theory, social policy and welfare, regional economics, and bioethics. Since 2020 it has been a member of the European Liberal Forum (ELF) and since 2021 of the Association of Italian Cultural Institutions (AICI).

It curates prestigious annual research initiatives; with Intesa Sanpaolo, *l'Indagine sul risparmio e sulle scelte finanziarie degli italiani* (with data from 1982 and the support of BNL-BNP Paribas until 2009) and in 2021, the XXV edition of the *Rapporto sull'economia globale e l'Italia* (formerly with Lazard Italia, then with UBI Banca). In the same year, the *Rapporto sulla clientela del Private Banking in Italia* came out with AIPB and the XXII edition of the *Rapporto «Giorgio Rota» su Torino*, with the primary support of Compagnia di San Paolo, joined by Banca del Piemonte. In 2022, with the support of Intesa Sanpaolo, it published *Il mondo postglobale*.

The Center organizes an annual prize for young researchers, the Giorgio Rota Best Paper Award, which will reach its 11th edition in 2023, thanks to the support of Fondazione CRT.

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10121 Torino - Corso Re Umberto, 1

+39.011.5591611 - segreteria@centroeinaudi.it www.centroeinaudi.it

“Help in managing those who help you.”

This claim of Nuova Collaborazione, a national association of employers of domestic workers, summarizes the entity’s purpose: to give support to these employers in the various and sometimes complex aspects of the labor relationship.

The union association, founded in Turin in 1969, is completely nonpartisan and has long fought for the recognition of a reality – the support of domestic work and the family – which still represent the cornerstones of our social and family fabric.

The association was the first signatory of the National Collective Bargaining Agreement for Domestic Work in 1974, and has been following developments in the industry and the evolution of contractual paths with attention and dedication ever since.

And that is not all. The constant relationship with institutions, and the construction of statistical databases that photograph the reality of domestic work – domestic helpers who take care of the home, caregivers and babysitters who take care of the elderly and children – mean that there is an ever-burning spotlight on those households that the national press has called “*Famiglia Spa*” (Family Corp.), and that exceed one million. These numbers are destined to grow in the demographic winter we are going through.

A succinct but centered way to situate this reality, which in fact highlights how many domestic labor employers there are in Italy and what number could be reached by working on the emersion of undeclared labor, which is one of the basic goals of the association.

10123 Torino - Piazza Giuseppe Luigi Lagrange, 2

ncto@nuovacollaborazione.it - www.nuovacollaborazione.com