

## Abstract

Valorization of the subsistence minimum is an important step for the correct adjustment of the entire social system. There is insufficient importance attached to this topic in the Czech environment. This can be confirmed by the absence of research focused on the system of valorization. The aim of this work is to propose and test alternative strategies for valorization of the subsistence minimum in the Czech Republic, which could help to outline further steps for work with this institute in order to improve the standard of living of citizens. The work focuses on testing three alternative strategies. The first proposes a minimum living standard to increase the year-on-year inflation, the second option adjusts the subsistence minimum by expenses of the 20% of the poorest households, and the third scenario recalculates the actual values by subtracting 10% for adults and adding 15% to children. I subsequently tested these scenarios in SPSS on EU-SILC data. The results show that the valorization strategy based on the inflation rate does not really affect the subsistence level and also almost does not change the shift of people above the poverty line. On the other hand, the revaluation scenario according to expenses of the poorest 20% is very effective in increasing the income of the most deprived persons. The last alternative, which adds 15% to children and takes 10% of adults from the current subsistence level, positively affects problematic groups as families with children and single parents. On the basis of the above, I conclude that the ideal variation of the valorization of subsistence minimum in the Czech Republic could be the combination of the second and the third variant, where the valorization would be carried out annually according to the expenditures of the lower 20% of the households and the value would correspond to the ratio set by the S4 strategy applied on current system when it adds 15% to children and reduces 10% for adults. This connection could effectively reduce the poverty of Czech families with children and shouldn't be unnecessarily burden the state budget.