

U.S. dollar stores including Dollar General and Family Dollar are likely to see a sales and earnings boost from the Biden administration's plan to hike food stamp benefits, according to recently released analysis from Reuters.

The publication said the move would be an added payoff for the chains' strategy to tap the \$274 billion fresh food market.

The U.S. Department of Agriculture (USDA) said last week that as part of a plan to promote a more nutritious diet among Americans, it is raising average Supplemental Nutrition Assistance Program (SNAP) benefits by more than 25% versus pre-pandemic levels.

In a \$1 trillion food-at-home industry, the additional payout is expected to potentially add about \$6 billion of increased funding to shoppers' wallets starting in October, analysts at Evercore said.

Under the new rules, average monthly benefits, \$121 per person before the pandemic, will rise by \$36. All 42 million people in the program will receive additional aid.

With the additional \$36, "you would expect they would buy more things like meat, fish, fruits and vegetables because those are high-priced items that tend to be responsive to income changes," said Joe Glauber, former USDA chief economist and a senior research fellow at the International Food Policy Research Institute.

Dollar stores count on low-income shoppers, and welfare checks tend to drive sales. In the pandemic, sales have skyrocketed with the help of shoppers benefiting from stimulus money, food stamps, child tax credits and higher wages in a tight labor market.

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