



Managing Farm Financial Stress for a Healthy Farm and a Healthy Farm Family

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Introduction

The farm economy is in crisis, and farmers are under immense stress. Due to the often volatile and unpredictable nature of farming, farmers, particularly minority farmers, encounter various threats. These threats can be classified under social (family, community), economic (land loss, financial stress), political (systemic discrimination, racism, policy), and environmental (droughts, floods, pest infestation) and often affects the mental health and general well-being of farmers (Braun, & Pippidis, 2020).

As noted, farm financial situations cause stress, depression, and with limited mental health professionals, farmers are likely to take drastic measures in addressing their mental health and well-being. Not only do these measures determine the health of the farm, business, or operation – they affect the health of the farmer and his/her/their family. For these reasons, we present this document to assist farmer and farm families in detecting early signs of farmer stress and to aid in managing farm finances. Personal and farm finance resources and tools are provided at the end.

Farm stress and mental health

In 2018, Farm Aid (a nonprofit agency whose mission is to help farmers remain in farming) reported that more than a thousand farmers in the United States dialed their crisis hotline, and over 450 farmers died by suicide across nine midwestern states between 2014 to 2018 (Farm Aid, 2018). While this is alarming, the Department of Health and

Human Services noted that about 111 million people lived in areas, mainly rural areas, with a shortage of mental health professionals. Bringing it home to Virginia, a nationwide survey conducted by the American Foundation for Suicide prevention (2020) found that, suicide was the 10th leading cause of death particularly in the Appalachian region (Carroll, 2019). Virginia does not have an exact number of farmers who have died by suicide. According to the Center for Disease Control (CDC), this could be attributed to the fact that some suicides are easily reported as farm-related accidents and hence there may be more farmers dying by suicide that reported (Jared, 2019).

Also, because the overall financial wellbeing or viability of a farm is assessed by its financial performance: profitability, liquidity, solvency, and financial efficiency, any issue that affects these indicators can cause stress (American Psychological Association, 2019). Subsequently, the stress level of the farmer determines the health of a farm, business, or operation.

How does farm financial stress affect the mental health of farmers?

Unrelieved financial stress is a leading cause of premature death among adults and is considered a precursor to conditions and illnesses such as heart disease, hypertension, stroke, diabetes and possibly suicide (Miller, et al, 2012). Mental health professionals point to the volatile nature of farming as a potential cause of increased depression,

substance abuse and both completed and uncompleted suicide among farmers (Shutske & Shutske, 2017). Also, the isolated environment, self-reliant, and independent nature of most farmers make them highly unlikely to ask for help, which exacerbates the tendency to take one's own life as a final resort (Farm Aid, 2018).

Understanding what constitutes a healthy farm (Farm Financial Health)

The first step to managing farm financial stress is understanding what constitutes a healthy farm. Most lenders and financial institutions look at a farm's financials by focusing on three items: a balance sheet, an income statement, and cash (in/out) flow statement. When these financial documents reflect a positive financial outlook, there is less financial stress on the farmer. This is, particularly true of the cash flow statement, which is an indicator of the farm's vitality and ability to keep the business running daily (Chandio et al., 2017). It should be noted that, these farm financials are usually put together by an accountant and will require about 3-5 years of consistent documentation to tell a story about a farm's financial outlook.

The balance sheet: It tells us how much a farm has (assets), its debts (liabilities), and net worth (owner equity). It tells us whether the farm has enough assets to cover debts within a given time of the year. It focuses on two main concepts: solvency and liquidity (Kantrovich, 2011). Solvency is the ability of a farm to pay off all its debts if it were sold today. This is important in evaluating the risk and borrowing capacity of the business. It focuses on the debt-to-asset, equity-to-asset, and debt-to-equity ratios. Liquidity looks at a farm's ability to pay financial debts as they come due.

Income Statement: It estimates profitability and shows how the business got to its current financial situation on an annual basis (Kantrovich, 2011; Robinson, 2020). Profitability refers to the difference between the value of goods produced and the cost of the materials used to make them. Simply put, this is the profit made from investments in the factors of production: capital, labor, and land (revenue – costs = profit).

The cash (in/out) flow statement: It is a combination of the balance sheet and income statement. It relies on information from both to explain the in- and outflow of income and how the farm utilized them (Kantrovich, 2011). It focuses on repayment capacity, or the ability to repay scheduled term debt and the farm's ability to take on additional term debt.

Causes of financial stress for farmers

Financial risks such as increased input costs, high levels of debt, low working capital, low savings, and or poor or incomplete budgeting for yearly needs are some of the financial risks that farmers encounter in their operations (Miller, et al., 2012). These financial risks, when present destabilize, distress, and impede farmers due to the inability to pay bills, increased debt, and potential loss of owner equity. Increased financial risk also reduces the overall financial health of the farm. Thus, farmers need to be able to turn to trusted financial advisors and friends for support.

What are some signs of financial stress?

Generally, signs of stress can be experienced physically (body), psychologically (mind), and through actions. Often, there are some non-verbal and less detectable cues that are subtle indications of stress such as lack of eye contact, fidgeting with the hands, having a distant look in the eye or even a twitch of the eye (Braun & Pippidis, 2020). These cues should not be overlooked by the family, friends, and neighbors of farmers.

Signs of Stress		
BODY	MIND	ACTION
headaches	anxious	can't sleep
stomachaches	angry	sleep too much
backaches	sad	don't eat
high blood pressure	bitter	overeats
high blood sugar	depressed	increased use of cigarettes/drugs/alcohol
racing heart	hopeless	break things
nausea		yell/scream
		withdraw

Figure 1: Signs of stress. Source: <https://emergence.fbn.com/farm-and-rural-issues/stress-management-tools>

Do farmers feel safe to talk about the state of their mental health?

In an article published by *The Guardian* in February 2020, a young farmer stated, “I’m 20 years old and farming alone, and I am constantly putting a brave face on...yet deep down I’m pretty much breaking inside...”(Levitt, 2020). As people who prefer to keep their struggles to themselves, farmers worry about their privacy and the perceptions community members may have about them and their business, they choose to tough their way through stress, de-prioritizing their health and well-being to get the job done (Farm Aid, 2018).



Also, most farmers may not willingly accept or admit that they are stressed since most would view mental health issues or stress as an urban office or corporate world concept and may choose to ignore early signs of depression and anxiety (Farm Aid, 2018).

How do you recognize early signs of mental health issues among farmers?

- Lack of enthusiasm in maintaining farm environment
- Lack of interest in participating in off-farm outreach programs or communal activities
- Intentional isolation
- Increase in alcohol/substance abuse
- Nonverbal cues such as fidgeting, biting the nails, distractive tapping of the feet or hands.
- Physically drained and unkempt appearance
- Increase in farm accidents

How do you communicate with a farmer going through mental stress?

These questions developed at Michigan State University provide helpful communication tips in working with distressed farmers (Thompson & Sanguesa, 2019):

- I hear you saying ____ (repeat back the main concerns the farmer is expressing).
- This sounds like a lot to manage. How are you coping with this?
- What can I do to support you?
- Would it be helpful if we work together on an action plan for how to manage your concerns?
- Avoid making statements such as: “don’t worry too much about it”, “everyone goes through these in life”, “don’t make a big deal out of it”, “it’s probably nothing to worry about”. Such statements are dismissive and likely to make the individual withdraw further.

In another article published by USA Today Network in March 2020 titled “Seeds of Despair: For some farmers, the burden is too much to bear,” Theresia Gillie lost her 53 year old husband Keith to suicide in 2017 (Wedell, & Chadde, 2020). Though Theresia reached out to a marketing and loan officer for help, Keith took his life before the assistance could be finalized. The worrisome aspect of this and several other scenarios is that, help often comes after the fact, hence, more training is needed for people who

interact with farmers and ranchers on a daily basis in identifying the signs of stress.

Resources to assist farmers experiencing financial and emotional stress

Southern Risk Management Education Center: Provides funding for educational projects to assist farmers and ranchers to manage and improve the complex financial risks associated with their businesses effectively. More information can be found at <https://srmec.uaex.edu/Links/financial-stress.aspx>

Virginia Farm Service Agency (FSA): Assists beginning farmers and ranchers who are unable to access financing from commercial financial agencies with direct loans. More information is available at <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/farm-ownership-loans/index>

Virginia Foundation for Agriculture, Innovation and Rural Sustainability (Virginia FAIRS): Provides financial assistance to rural folks and promotes cooperative and business development. More information available at <https://www.vafairs.com/>

Farm Aid's Hot Line: 1-800-FARM-AID: It is a non-profit organization aimed at keeping families on their farms. Their hotline provides 24 hours service to distressed farmers and ranchers who are at risk of losing their farms through financial stress.

Farmers Business Network Health: Provides health insurance specifically designed for farmers according to their budget and health needs. More information can be found at www.fbnhealth.com

National Suicide Prevention Lifeline: Dial 800-273-8255 or

www.suicidepreventionlifeline.org/talk-to-someone-now A national hotline for anyone going through stress or having suicidal thoughts. They provide nondisclosure assistance whereby your information is kept anonymous.

National Alliance on Mental Illness Virginia: Provide improvement and recovery assistance to persons living with serious mental health illness. Crisis Text Line: Text HOME to 741741

Virginia Beginning Farmer and Rancher Coalition (VBFRC): Assists beginning farmers and ranchers to establish and sustain their farms. They offer programs such as whole farm planning curriculum, social networking, and farmer mentoring and serve as a farmer support program for beginning farmers.

Virginia Department of Behavioral Health and Developmental Services: Provide resources and assistance to veterans suffering from PTSD, persons with mental health illness, and people recovering from substance abuse. More information can be found at www.dbhds.virginia.gov

Cooperative Extension Tools to assist Farmers in Managing Financial Health

Several Cooperative Extension programs offer personal and farm financial management tools on a variety of topics relevant to farm families that are designed to improve the financial health of the farm. Below are suggested tools for managing personal and farm finances.

Personal Finance Tools

The Consumer Financial Protection Bureau's Financial Wellness Scale: It is a free tool developed to assist in measuring an individual's financial well-being. The scale consists of 10 questions which captures how people feel about their financial security and freedom of choice. Scores for the overall financial well-being ranges between 0 and 100. Guidelines for using the tool are available at

<https://www.consumerfinance.gov/practitionerresources/financial-well-being-resources/measureand-score/>

My Retirement Paycheck: This resource assists individuals in making retirement decisions. It explores aspects of one's life that work together to make up a retirement paycheck. The tool was developed by the National Endowment for Financial Education and can be found at <https://www.myretirementpaycheck.org/>

Counting Your Money Calendar: This tool, developed by Ohio State University Extension, is designed to help individuals track their income and expenses. It consists of a fillable calendar and a budget worksheet. This worksheet can be used by farmers to track their income and expenses. It can be found at <https://extensionpubs.osu.edu/counting-yourmoney-calendar/>

Farm Finance Tools

The Oklahoma Farm and Ranch (Financial)

Stress Test: This test is designed to provide insight into sources of farm financial stress and the extent of stress. It highlights some key financial measures and provides a visual interpretation of the numbers. This test can be found at <http://dasnr22.dasnr.okstate.edu/docushare/dsweb/Get/Version-4797/F-237web-color.pdf>

Interpreting Financial Statements and Measures

(IFSaM): This online self-paced tool is designed to assist farmers in learning how to utilize financial statements in their day-to-day management, understand how to interpret common financial statements, acquire skill sets to enhance their farm business and help gain self-confidence in finance. This resource can be found at <https://ifsam.cffm.umn.edu/>

Financial Security for All At the eXtension

website: It comprises a variety of articles and online learning modules that are provided by the Extension community with a focus on personal financial management, basic money management, retirement planning, and investment. The resource is located at <https://personalfinance.extension.org/financial-security-for-alllearning-lessons/>

AgPlan: It is a free of charge educational program designed to provide customized assistance to different types of rural businesses in developing their business plans. This resource was developed by the Center for Farm Financial Management at the University of Minnesota at <https://agplan.umn.edu/>

Evaluating Financial Record System and Farm

Financial Health: A webinar organized by the Virginia Cooperative extension on evaluating and managing farm financial records. The link to the webinar is found here <https://www.youtube.com/watch?v=Ju1S7WwwQvY&feature=youtu.be>

Ohio State University extension and Outreach Ag

Decision Maker: This webpage contains several resources designed to assist farmers make financial decisions. It also has sample spreadsheets of financial statements. The resource can be found at <https://www.extension.iastate.edu/agdm/decisionaid/wd.html#f>

Rural Finance and investment learning center

resources: This website provides financial and investment resources and training for rural farmers. These resources can be found at <http://www.ruralfinanceandinvestment.org/>

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