



AgriWellness Partners

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Financial Stress on Farmers & Ranchers

Families and businesses across the country are facing financial difficulty because of the downturn in the economy. The recession has begun to affect farmers and ranchers as well.

The Extension Risk Management Education Regional Centers and Center for Farm Management at the University of Minnesota conducted an Agricultural Financial Conditions survey in January 2009 of 2,300 agricultural professionals in all fifty states. The professionals surveyed included agricultural lenders, educators, crop insurance providers and consultants. The survey was funded through the USDA CREES Risk Management Education Program.

The survey asked the respondents several questions related to what financial stress their clients might be experiencing. The results indicate that these professionals expect farmers and ranchers to be feeling some financial stress over the next three years.



Of the professionals surveyed, 84% expect the probability that agricultural producers will experience financial stress in the next three years is high (45%) or very high (39%). While lenders are somewhat more optimistic than the entire survey respondents, 80% of lenders expect the probability is high or very high.

The survey also asked the professionals to estimate their number of clients who are currently or will be experiencing financial stress. Sixty-three percent of respondents indicated that 10% or less of their clients are currently experiencing financial stress. That number climbed to 28% of respondents expecting at least 30% of their agricultural clients to experience financial stress in the next three years.

Sowing the Seeds of Hope Helplines

Iowa Concern Hotline:

1-800-447-1985

Kansas Rural Family
Helpline: 1-866-327-6578

Minnesota Crisis Connection:

1-866-379-6363

Nebraska Rural Response
Hotline: 1-800-464-0258

North Dakota 2-1-1:

1-800-472-2911

South Dakota Rural Helpline:

1-800-664-1349

Wisconsin Farm Center:

1-800-942-2474

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shari@agriwellness.org

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Respondents then identified the major factors of farm and ranch financial stress as the price/input cost margins and price volatility.

Survey respondents indicated that they believe only 8% of producers are well equipped in terms of financial management skills to manage their business through a period of financial stress. The survey indicates, however, that respondents believe that almost 3/4 of producers are moderately well equipped and could do a good job of managing financial stress with some assistance.

Farmers and ranchers, along with the rest of the country, head into the next few years facing many uncertainties. Of course farmers and ranchers are used to dealing with unknowns including weather, input costs and market changes. Even so, the next few years could be trying for many agricultural producers.

It is good to know that the majority of survey respondents felt that most producers, with a little information and help, would do well at managing their operations through financial unknowns.

There are many resources available to assist farmers and ranchers in preparing for financial stress. The regional centers for risk management education provide resources for farmers and ranchers including self assessments for financial risk and resources to lower risk. Other resources can be found in local cooperative extension services and farm financial or business services organizations. For more support in handling stress, farmers encouraged to all one of the seven Sowing Seeds of Hope state hotlines/helplines listed on the left.

For the full [Agricultural Financial Conditions 2009](http://www.agrisk.umn.edu/uploads/ARL03971.pdf) survey, please visit

<http://www.agrisk.umn.edu/uploads/ARL03971.pdf>