Financial Strain Index: Analysis of a New Measure and Patterns of Financial Strain in a Rural Appalachian Sample

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Methods:
Subjects: Participants (N=2,232) came from the Appalachian Tennessee region and ranged in age from 18-79 years old (M=33.5, SD=12.3). 64.8% of the sample was female. Most participants were White, non-Latino (72.3%).

Factors analysis revealed that the first factor accounted for 58.9% of the variance with an eigenvalue of 2.94, and all items loaded onto this factor with loadings of 0.51 or higher. The sample was drawn from a region that is more rural, low-income communities.

Results:
Almost two-thirds (62.2%) of participants responded with "Very true" or "A little true" to at least one of the items. Furthermore, financial strain correlated moderately and negatively with personal income (r=-0.44, p<0.01).

Conclusions:
- The FSI was shown to successfully assess accurate, observable aspects of financial strain. Thus, it fulfills the need for a comprehensive measure of financial strain.
- Financial strain correlated moderately with personal income, but it was also a stronger predictor of psychological and physical health outcomes.
- Our results revealed that a large portion of the population experienced some form of financial strain. Some demographic groups, such as women and minorities, were more prone to financial strain than others.
- Participants with middle- and upper-income levels experienced some forms of financial strain, which suggests that financial strain is more prevalent and far-reaching than previously expected.
- Overall, the current study has shown that financial strain is a problem common to almost every segment of the population.
- The sample was drawn from a region that is more economically impoverished that 56% of the country. In order to further our understanding of the prevalence of financial strain in the US, it would be beneficial to collect data from other, more representative regions.

References

Introduction
- Financial strain occurs when one's financial resources fail to cover basic necessities to a degree that it threatens one's social, economic, and psychological well-being (Conger et al., 1992).
- Financial strain has a detrimental effect on overall well-being, mental and physical health (Krause, Jay, & Liang, 1990; Steptoe, Brydon, & Kunz-Ebrecht, 2005; Weich & Lewis, 1998).
- There is currently a lack of concrete, observable measures assessing the magnitude of financial strain.
- Consequently, there is no research on the prevalence of financial strain in the general population. Instead, most studies focus on other financial indicators, such as personal income or poverty levels.
- These measures, however, do not reflect the whole spectrum of financial strain: a substantial portion of the US population experiences some form of financial strain while having a middle-class income and living above the poverty threshold (Associated Press, 2013; U.S. Census Bureau, 2012).
- Consequently, the present study was conducted in order (1) to introduce a new, comprehensive scale measuring financial strain, (2) to compare this new measure to personal income, and (3) to examine financial strain patterns in a large sample from a low-income, rural region of southern Appalachia.

Conclusion
The First Use of This Scale in a Large-Scale Survey Suggests That the Majority of People, Even Those with Middle- and Upper-Income Levels, Experienced Some Form of Financial Strain. ANOVAs and Post-Hoc Tests Revealed Significant Differences in Financial Strain, with Particular Prevalence in Rural, Low-Income Communities.

Abstract
Objective: To assess the performance of the Financial Strain Index (FSI), a new measure of financial strain that examines perceived economic pressure, and to investigate demographics patterns of financial strain in rural, low-income communities.

Methods: 2,232 adult participants from the Southeast completed the FSI and demographic questions as part of an electronic survey.

Results: A factor analysis conducted on the FSI showed that all items were tapping into a single latent construct of financial strain. Almost two-thirds (62.2%) of participants, including 60% of those with middle-level incomes and 40% with upper-level incomes, experienced some form of financial strain. ANOVAs and post-hoc tests revealed significant differences in financial strain, with particular prevalence in rural, low-income communities.

Conclusions: The FSI offers a comprehensive scale of financial strain that is currently needed to examine this prevalent issue. The first use of this scale in a large-scale survey suggests that the majority of people, even those who could be classified as middle class, experience some form of financial strain, with particular demographic groups more likely to be affected.

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