

**15. History By The Numbers: A Look At Kansas Agriculture's
History Using KFMA Data**

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Kevin Herbel has served as the Administrator of the Kansas Farm Management Association (KFMA) program since June of 2007, providing leadership to the state-wide KFMA program. He has extensive experience assisting Kansas farm decision makers manage their resources efficiently, primarily through one-on-one contact with farm families and individuals. This work has included record keeping assistance, in-depth whole-farm and enterprise analysis, benchmarking, labor management, tax planning and transition planning, with a goal of improved decision making. He received his B.S. degree in 1988 and his M.S. degree in 1991 both in Agricultural Economics at Kansas State University.

Abstract/Summary

Kansas agriculture has changed in the last 40 years. This presentation looks at some of those changes, as well as some of the similarities and parallels which can be seen in financial characteristics of farms involved in the Kansas Farm Management Association during the last four decades. The presentation will include some thoughts regarding managing in today's volatile environment, using history as a guide.

History By The Numbers

A Look at Kansas Agriculture's History Using Kansas Farm Management Association Data

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A Look at Kansas Agriculture's History Using KFMA Data

Why spend time with this?

- History is interesting to some of us
- KFMA Databank was computerized in 1973
- 2007-2011 were good (“boom”) years for agriculture in Kansas
- Past “boom’s” in agriculture have been followed by a “bust”
- Where are we today, what comes next and can we know what to do about it?



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The 1970's to the 1980's

- Oil price shocks-volatile and high oil prices
- Dramatic appreciation of land values in 70's
- Increased financial leveraging
- Sharply rising real interest rates, following a period of low interest rates in the 1960s and early 1970s
- Planting “fence row to fence row” due to high demand for grain and high grain prices
- Much research and development in 70's leading to higher yields and improved efficiency: equipment, pesticides, seed, irrigation



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The 1970's to the 1980's

- Strengthening value of the dollar
- Increasing production costs
- Russian grain embargo and other world events
- Ag exports decrease 60% from 1981-1987
- Tractorcades to Washington D.C.
- Drop in farmland values 40% from 1981-1987
- Profitability of 70's followed by struggles of 80's



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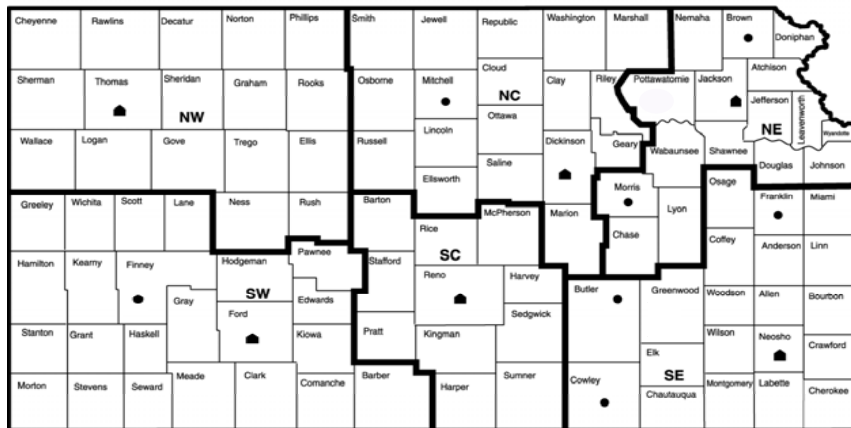
Today

- Strong global demand for ag products
 - Rising incomes in developing countries
 - Exports in 2011 close to double 2005 levels
 - World population 9.1 billion by 2050?
- Tight supplies of ag products and inputs
- Ethanol Production
 - Roughly 40% of 2011 corn crop for ethanol
- Low interest rates
- Increasing land values
- Budgetary pressures affecting gov't programs

Today

- Increasing use of technology
 - GPS, yield mapping
 - Auto-steer, auto-shut off, variable rate applications and seeding
- Bio-tech seed
- Alternative cropping practices
- Much investment in machinery and equipment
- Debt levels up but debt/asset ratios down
- Much volatility of input costs and output prices
- Drought conditions

Kansas Farm Management Association



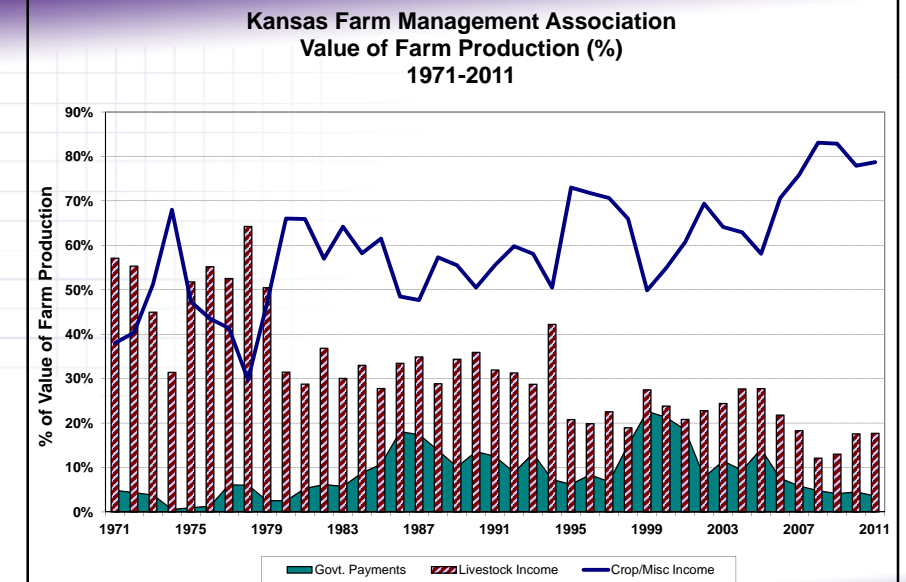
■ ASSOCIATION HEADQUARTERS

● SATELLITE OFFICE

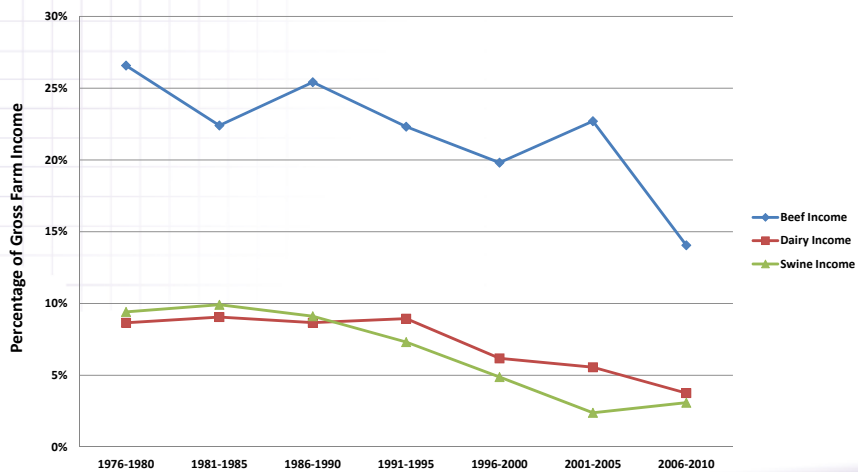


Since 1931

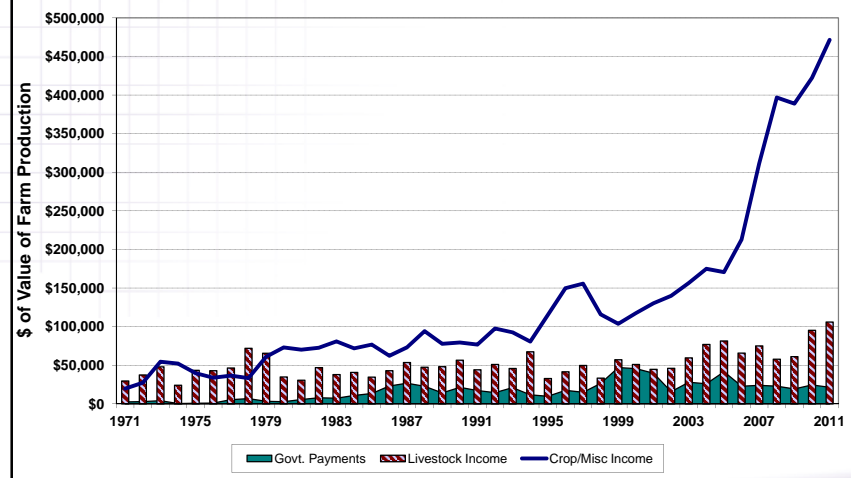
Your Farm - Your Information - Your Decision



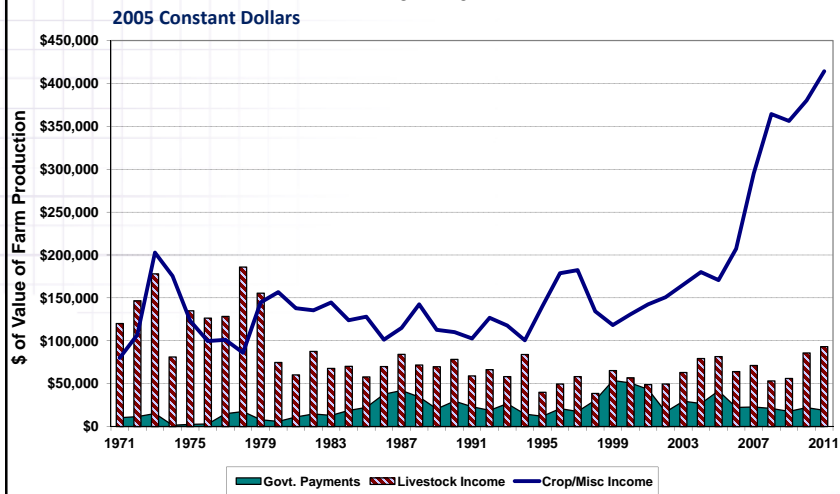
Kansas Farm Management Association Livestock Income Sources Five-Year Averages



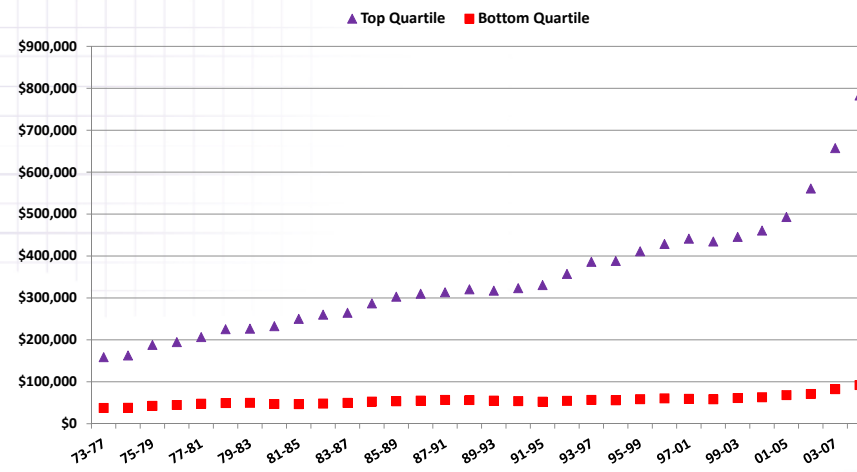
Kansas Farm Management Association Value of Farm Production 1971-2011



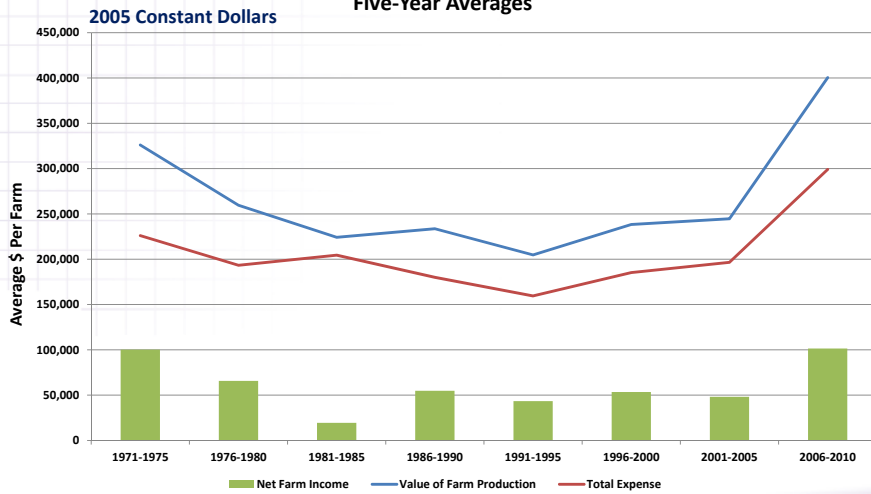
Kansas Farm Management Association Value of Farm Production 1971-2011



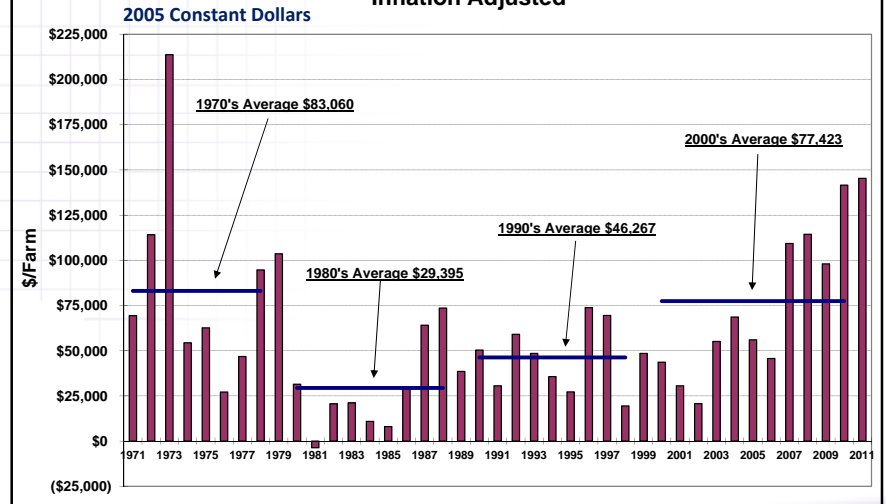
Value of Farm Production KFMA Farms--Five-Year Averages By Net Farm Income Quartile



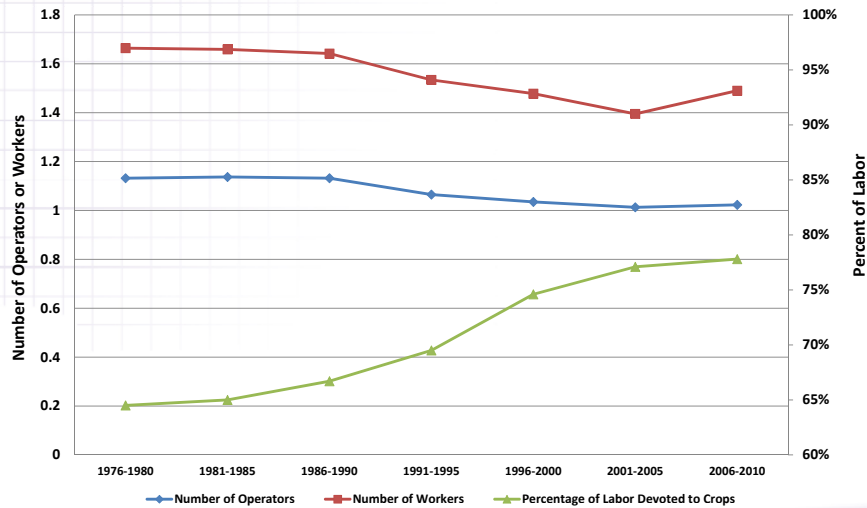
Kansas Farm Management Association Income and Expense History Five-Year Averages



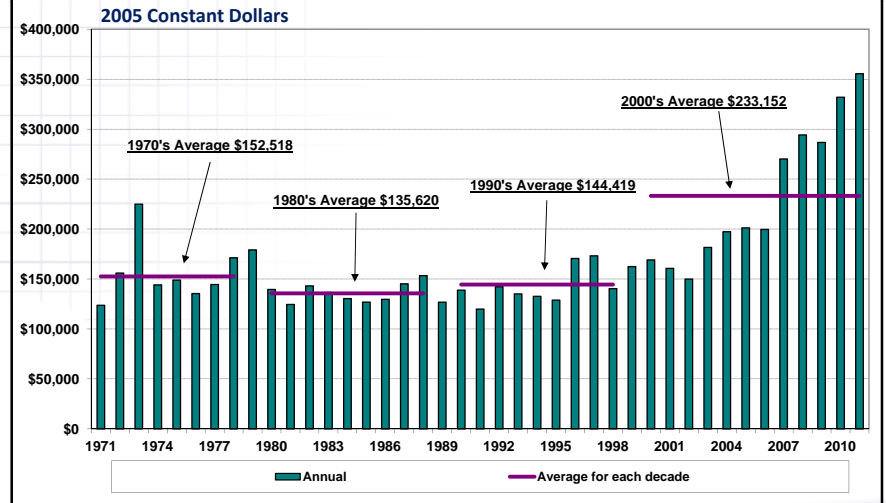
Kansas Farm Management Association Accrual Net Farm Income, 1971-2011 Inflation Adjusted



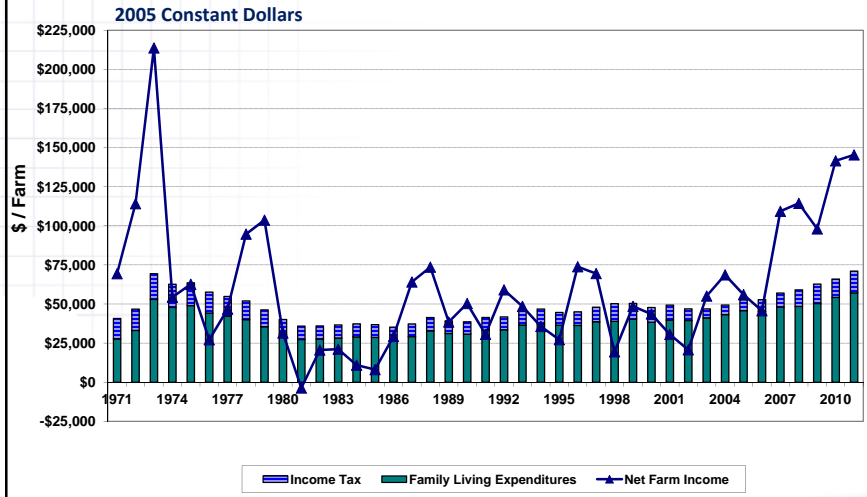
Kansas Farm Management Association Five-Year Average Labor Factors



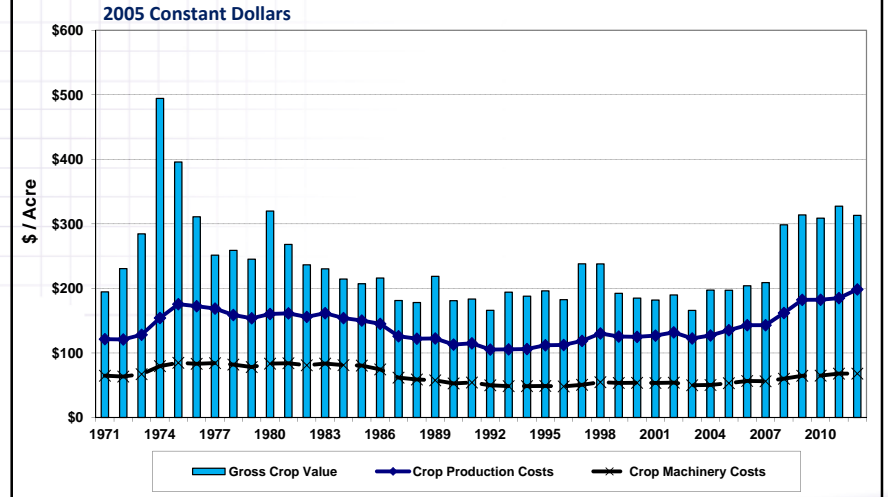
Kansas Farm Management Association Value of Farm Production per Worker, 1971-2011



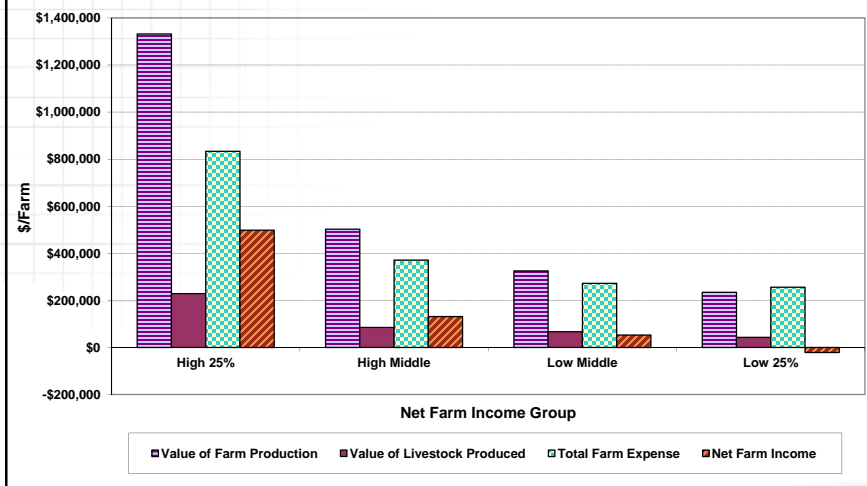
Kansas Farm Management Association Family Living Analysis, 1971-2011



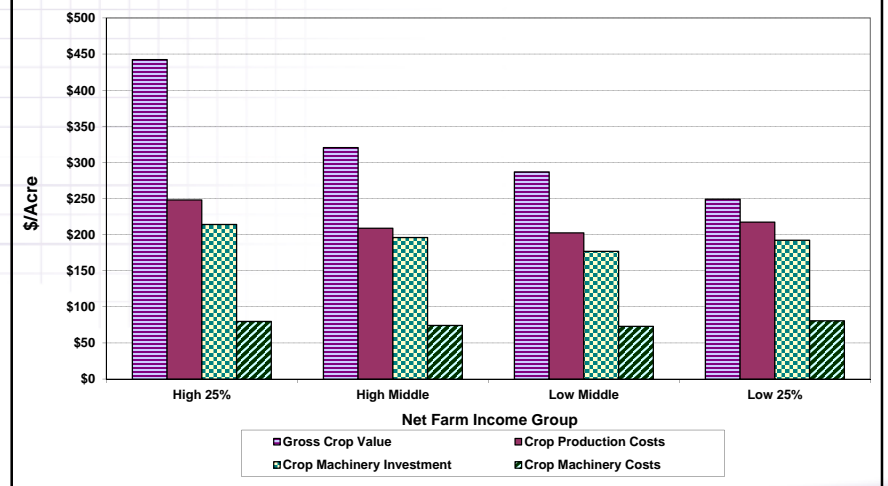
Kansas Farm Management Association Crop Value and Cost Trends, 1971-2011



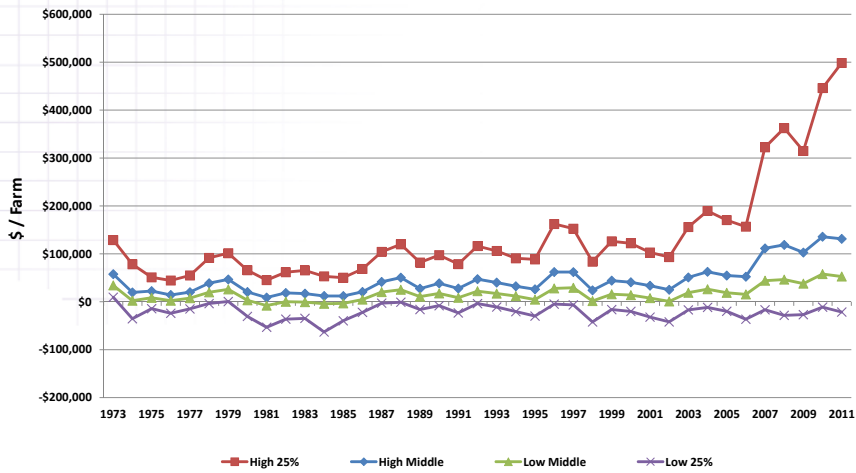
Kansas Farm Management Association 2011 Income-Expense Comparison by Net Farm Income



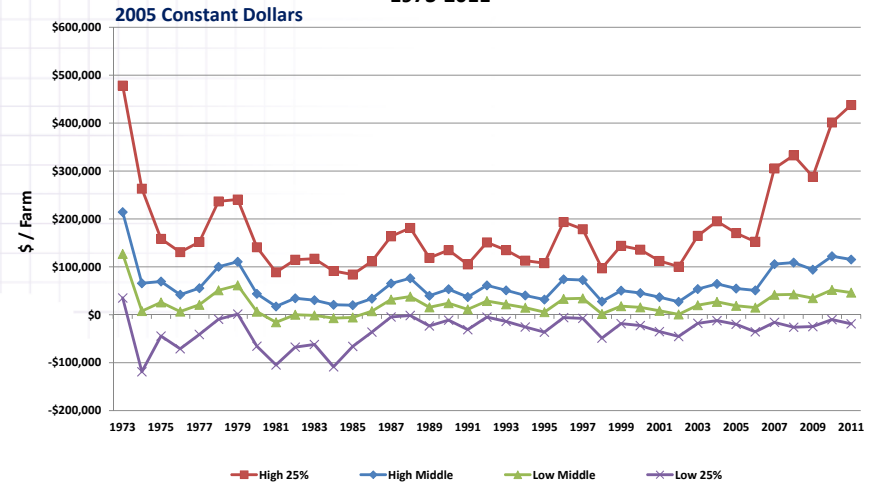
Kansas Farm Management Association 2011 Crop Value and Cost Comparison By Net Farm Income



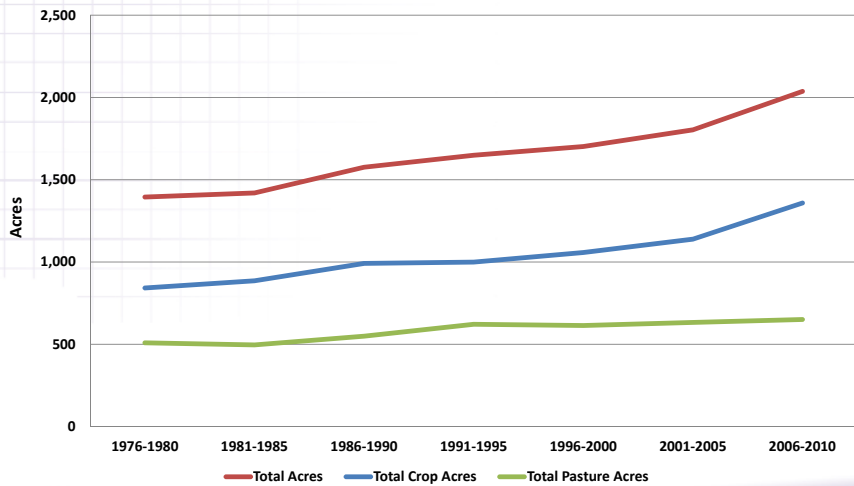
Kansas Farm Management Association Comparison by Net Farm Income Quartile 1973-2011



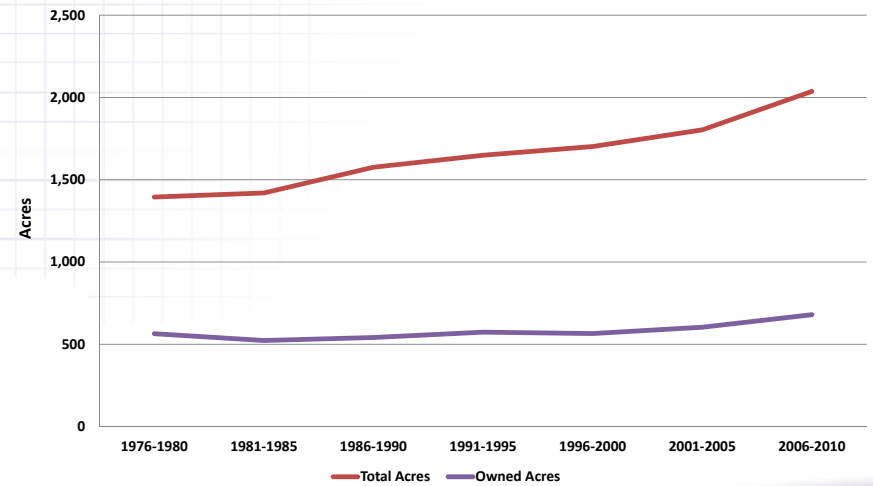
Kansas Farm Management Association Comparison by Net Farm Income Quartile 1973-2011



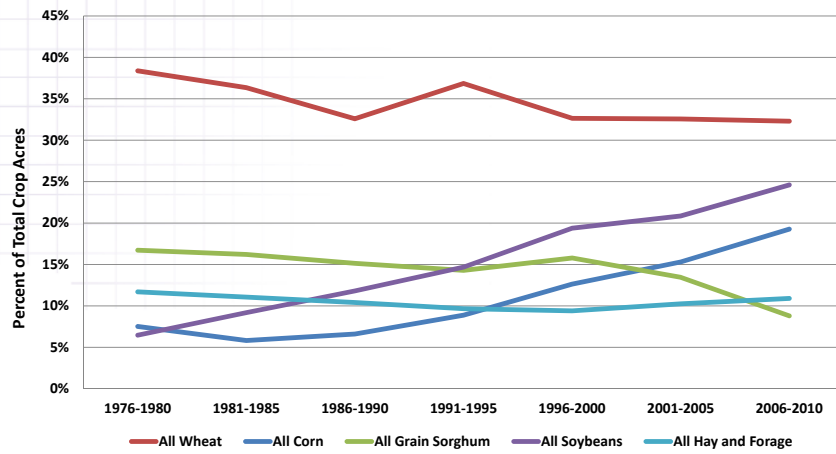
Kansas Farm Management Association Acres Per Farm Five-Year Average



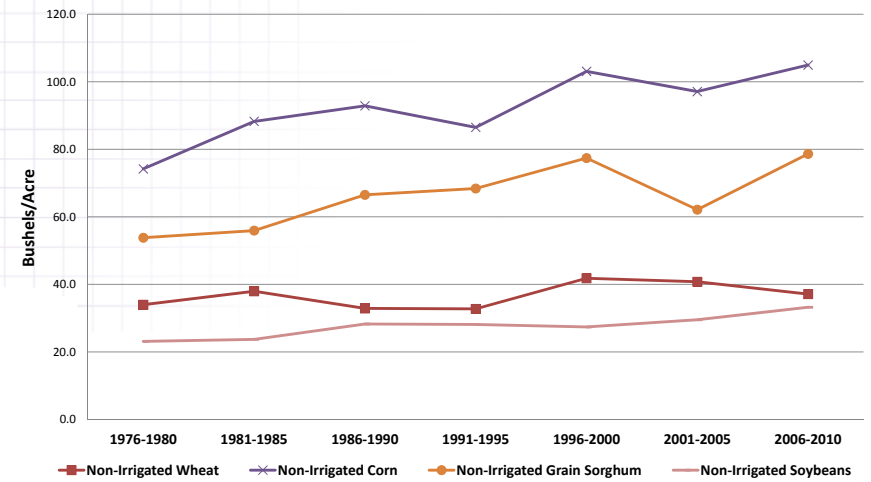
Kansas Farm Management Association Acres Per Farm Five-Year Average



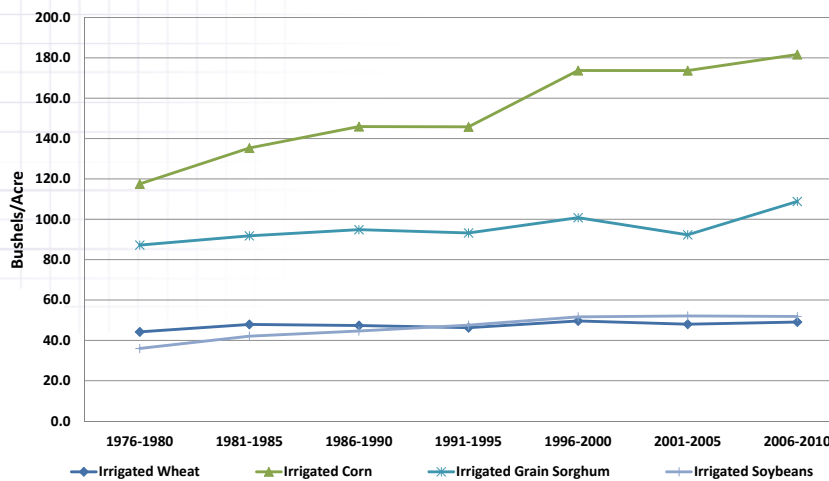
Kansas Farm Management Association Historical Crop Acreage Five-Year Averages Per Crop



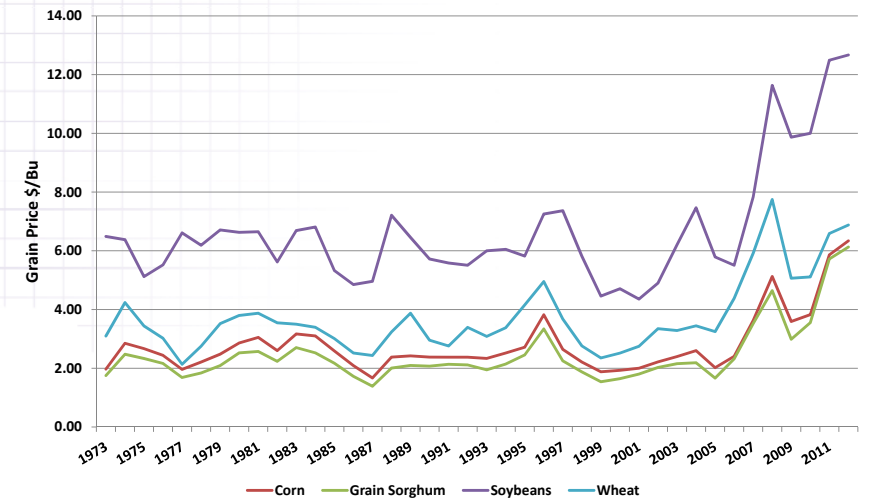
Kansas Farm Management Association Historical Crop Yields—Non-Irrigated Five-Year Averages



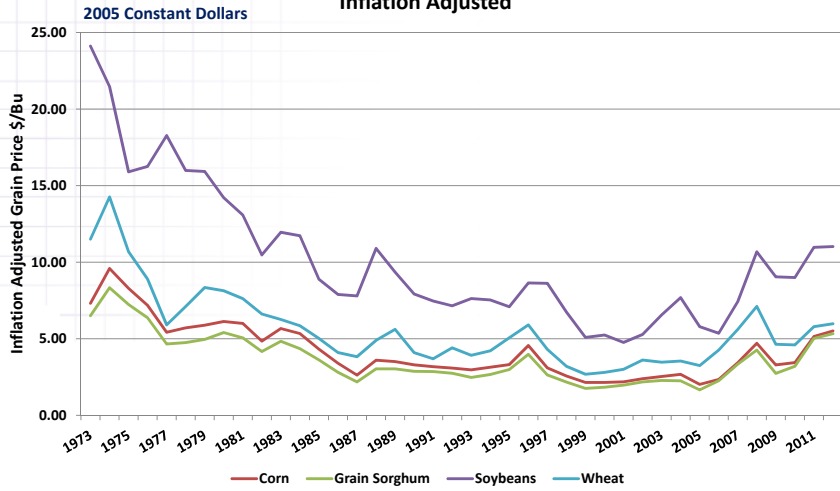
Kansas Farm Management Association Historical Crop Yields—Irrigated Five-Year Averages



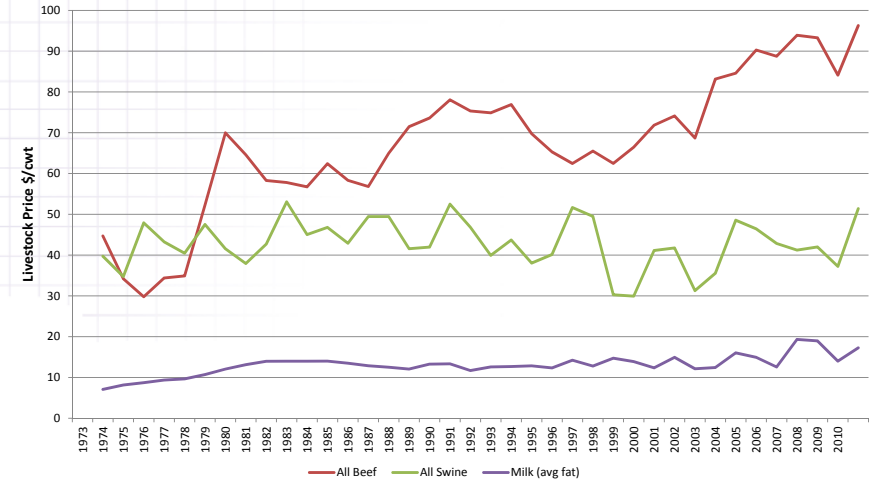
Historical Grain Prices 1973-2012



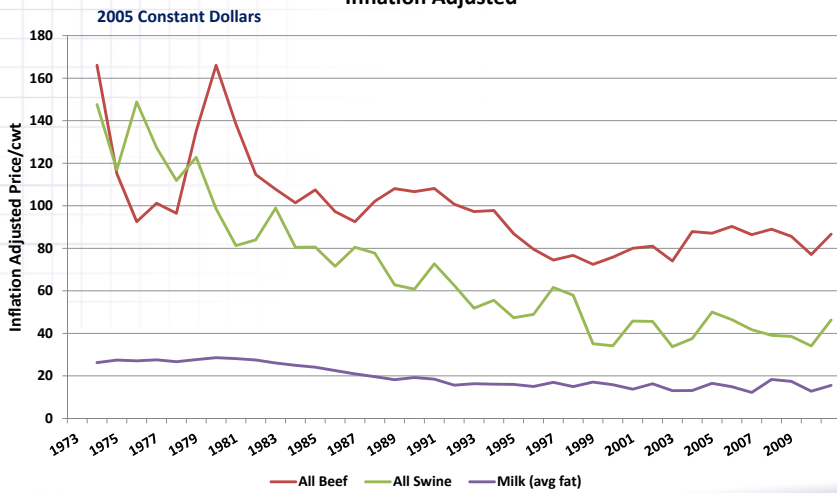
Historical Grain Prices 1973-2012 Inflation Adjusted



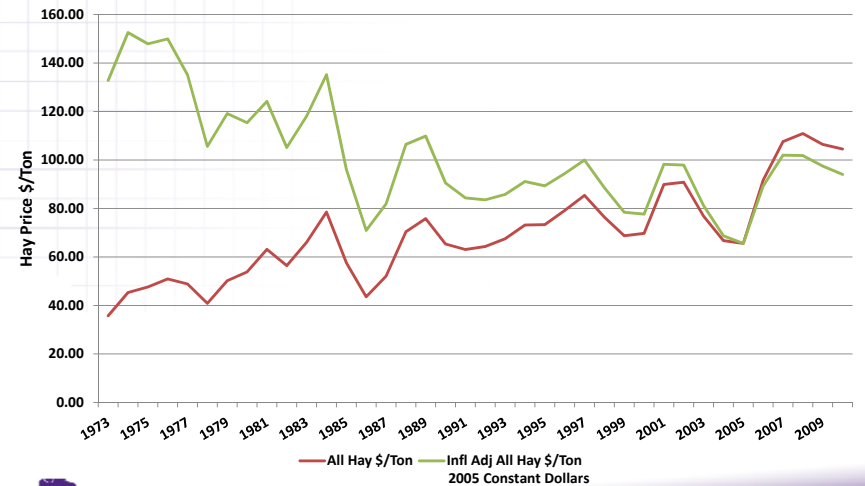
Historic Livestock Prices in Kansas 1973-2010



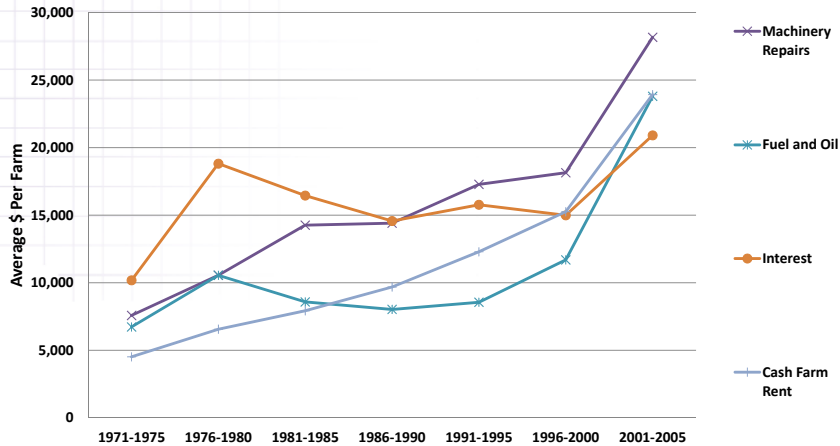
Historic Livestock Prices in Kansas 1973-2010 Inflation Adjusted



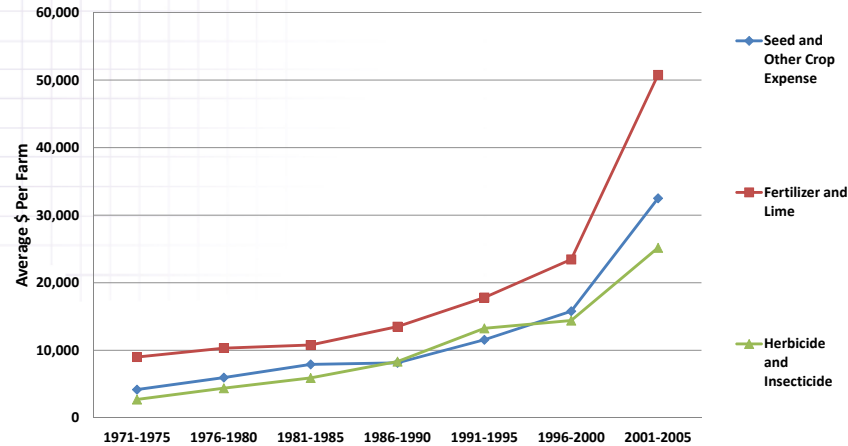
Historical Hay Prices in Kansas 1973-2010



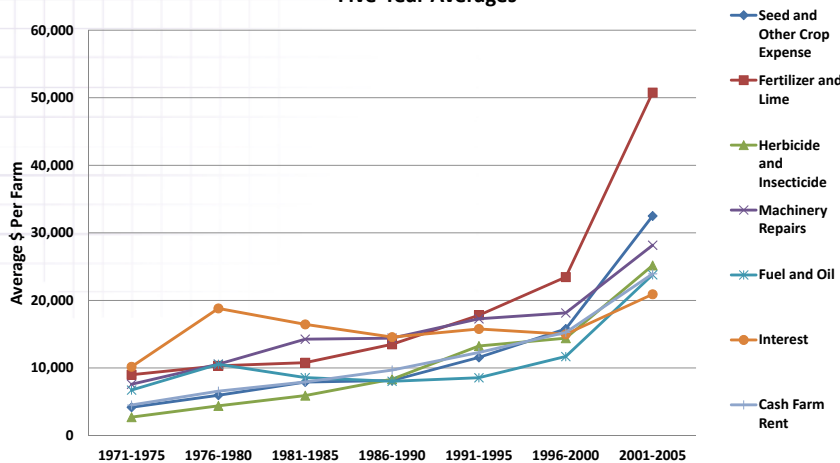
Kansas Farm Management Association Historical Other Expense Items Five-Year Averages



Kansas Farm Management Association Historical Crop Input Expense Items Five-Year Averages

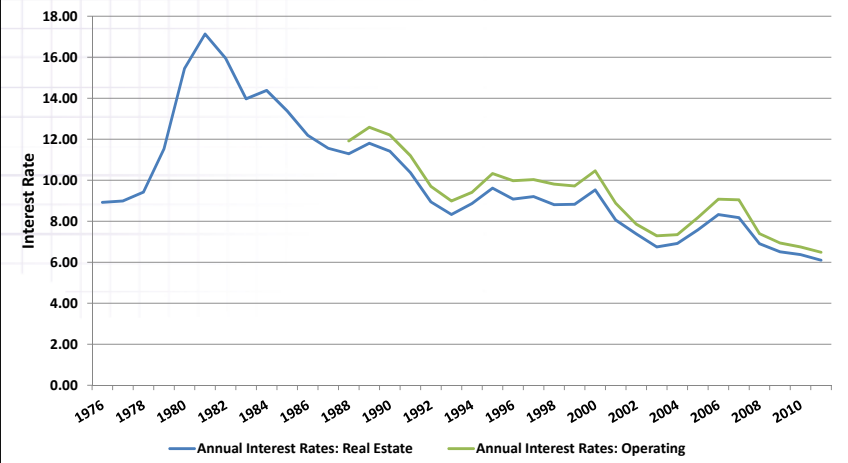


Kansas Farm Management Association Historical Expense Items Five-Year Averages

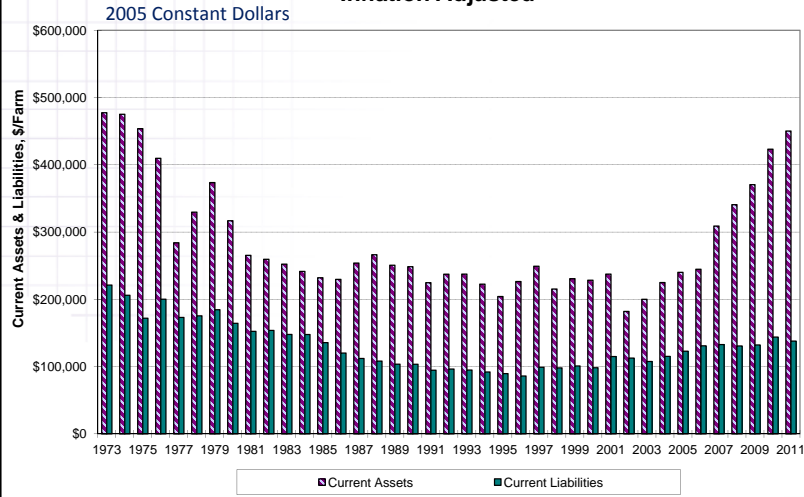


Agricultural Interest Rates: Real Estate and Operating Loans

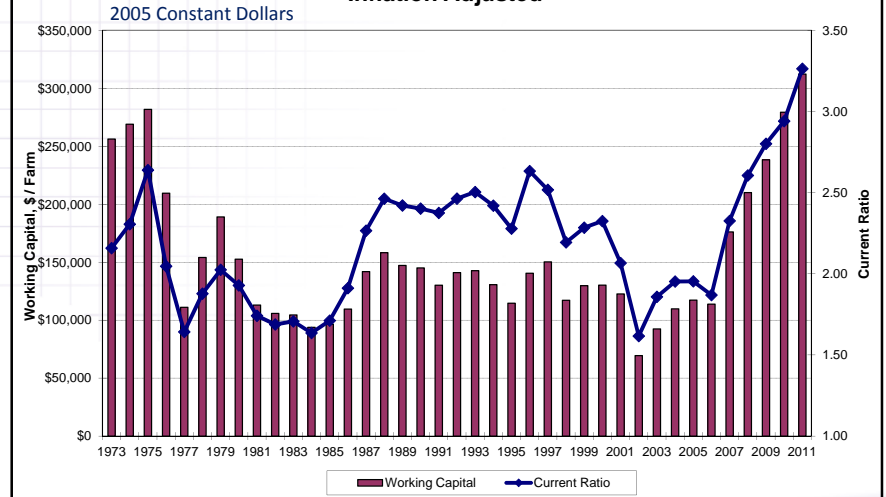
Federal Reserve Bank of Kansas City-Tenth District



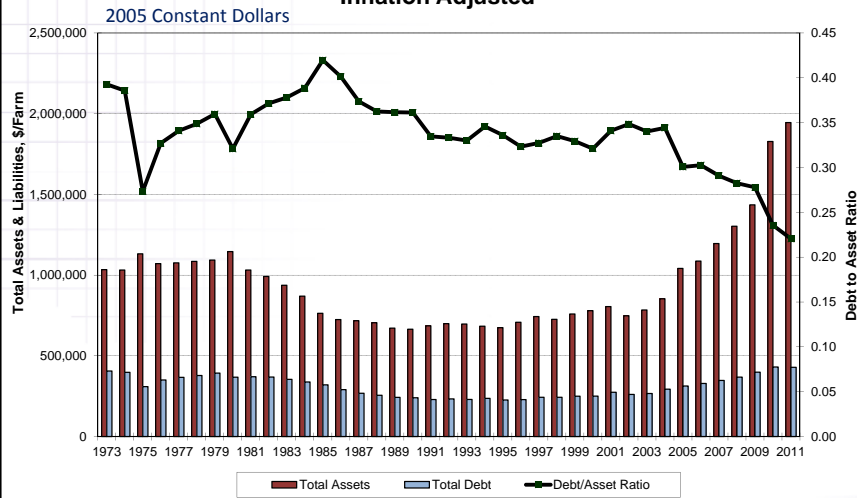
Kansas Farm Management Association Liquidity Trends, 1973-2011 Inflation Adjusted



Kansas Farm Management Association Liquidity Trends, 1973-2011 Inflation Adjusted



Kansas Farm Management Association Solvency Trends, 1973-2011 Inflation Adjusted



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Do we need to manage differently in these interesting times?

- Good management doesn't change as risk and volatility change.....it just becomes more important!
- Know and understand your resources
- Plan and manage within that plan
but.....be prepared to adjust to change
- Continue to look for ways to improve cost management and production efficiency



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Do we need to manage differently in these interesting times?

- Strengthen your financial position – be prepared to move on the opportunities presented to you
- Identify your competitive advantage
.....what is it that you can do best?
- Enjoy the opportunity to be involved in agriculture at this time in history!



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For More Information:

Kansas Farm Management Association (KFMA)

✓ www.kfma.ksu.edu

Extension Agricultural Economics

✓ www.agmanager.info

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