



## History by the Numbers:



### A Look at Government Farm Program Payments on Kansas Farms using KFMA Data



### 2019 Risk and Profit Conference



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## History by the Numbers:

### A Look at Government Farm Program Payments on Kansas Farms using KFMA Data

*Our goals in this session are to...*

Gain an improved understanding of the KFMA program and KFMA data

Remember a little history of United States farm policy

Examine government farm program payments received by Kansas farmers using KFMA data

Learn, or remember, some other things from history with numbers from the KFMA data

Encourage you to: *Know Your Numbers...Use Your Numbers...Reach Your Goals!*

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## Kansas Farm Management Association

Program started in 1931 – help Kansas farmers establish a sound record keeping system and use those records for improved management

Members sign agreement and pay membership dues – KFMA is approximately 89% funded by member funds, 11% K-State and other funds

Members receive assistance in developing a sound accounting system, farm visits, accrual based whole-farm and enterprise analysis, financial statements and benchmarking, tax management guidance, estate and succession planning assistance

KFMA databank is created for benchmarking, Extension and research

Ability to measure impact, compare year-to-year changes, benchmark to assess profitability and efficiency

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## Kansas Farm Management Association

### Vision

The KFMA, through its affiliation with K-State Research and Extension, will be the valued and trusted provider of integrated data management systems to apply critical thinking and strategic business planning for farm and ranch decision makers; and will be the premier source of farm-level economic data in the world.

### Core Values

Relationships, Integrity, Service, Excellence

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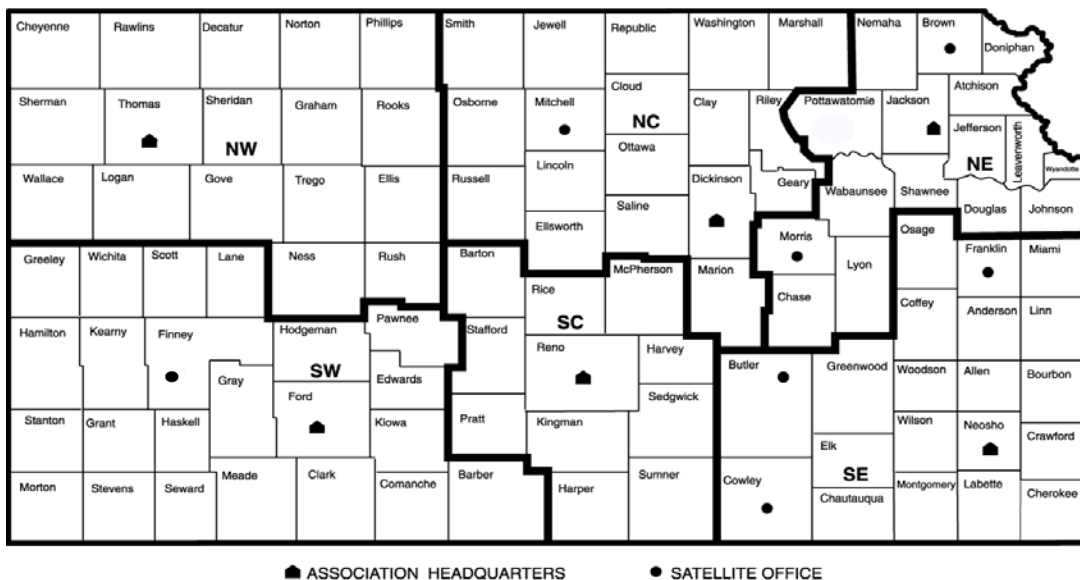
Relationships, Integrity, Service, Excellence



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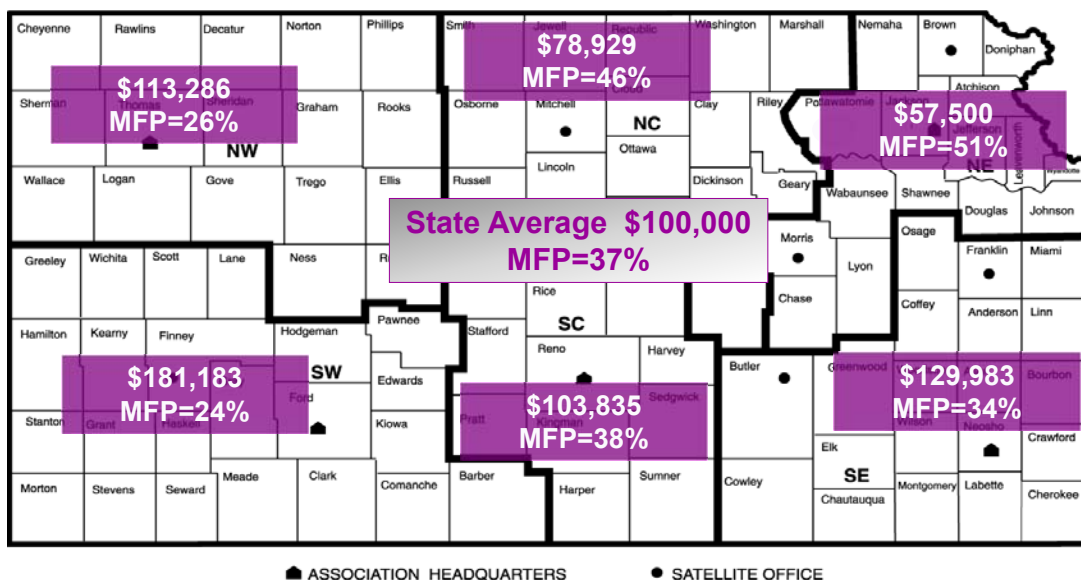


# Kansas Farm Management Association

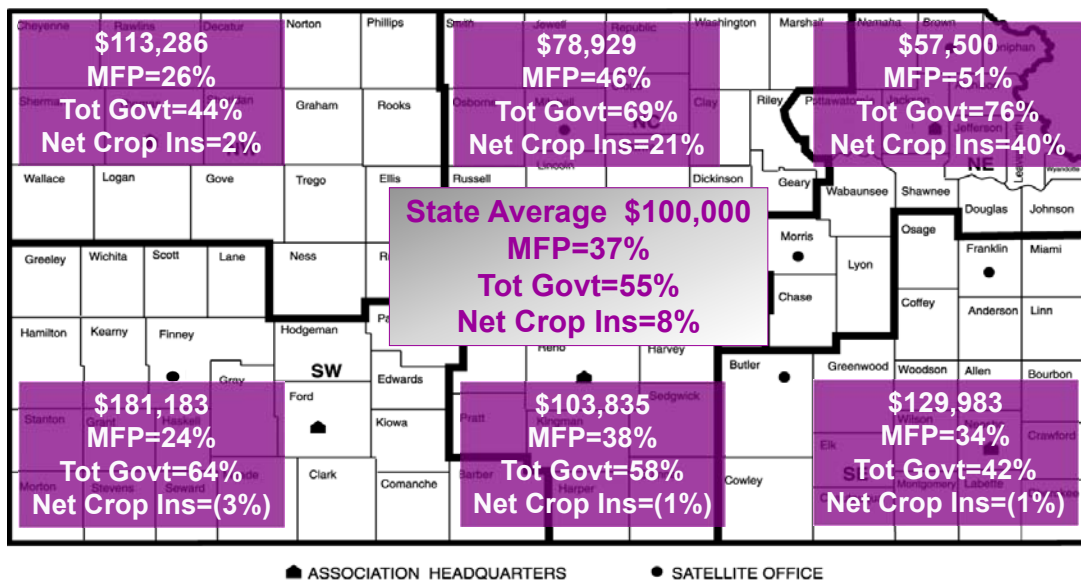




## Kansas Farm Management Association 2018 Net Farm Incomes



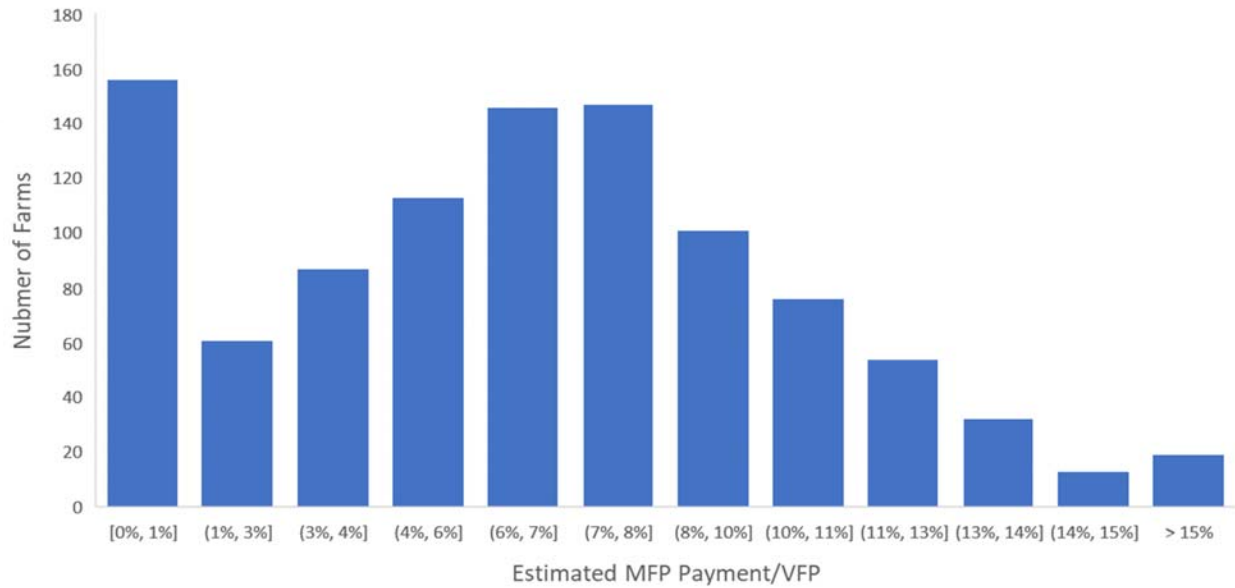
## Kansas Farm Management Association 2018 Net Farm Incomes





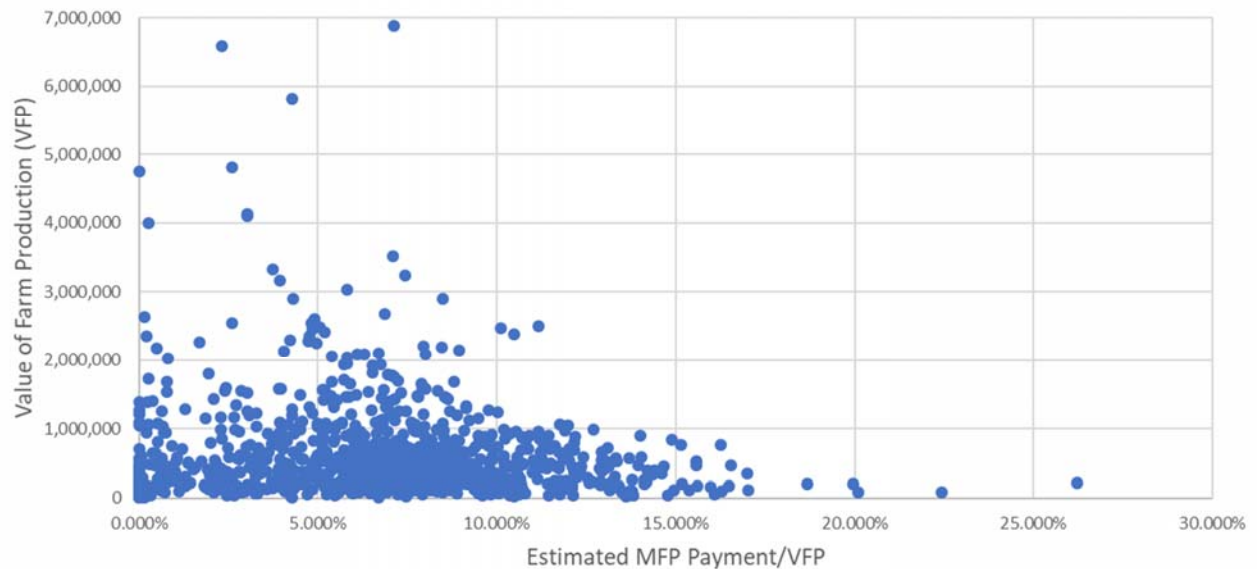
## Kansas Farm Management Association

Estimated 2018 MFP Payment/VFP Histogram



## Kansas Farm Management Association

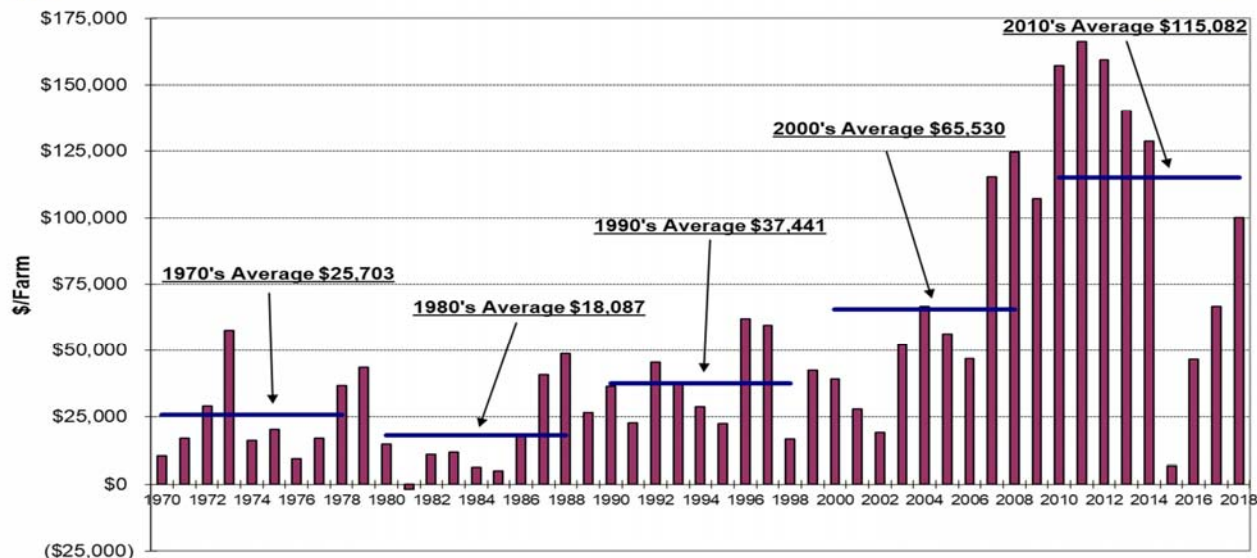
Estimated 2018 MFP as Percent of VFP





49 Years!

# Kansas Farm Management Association Accrual Net Farm Income, 1970-2018

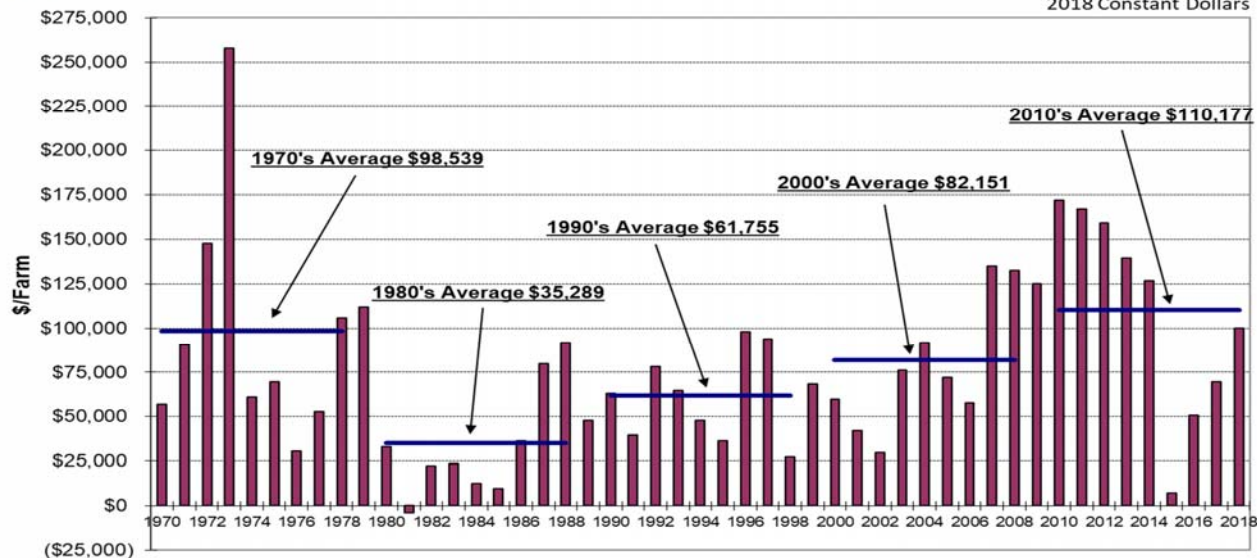


49 Years!

# Kansas Farm Management Association Inflation Adjusted Net Farm Income, 1970-2018

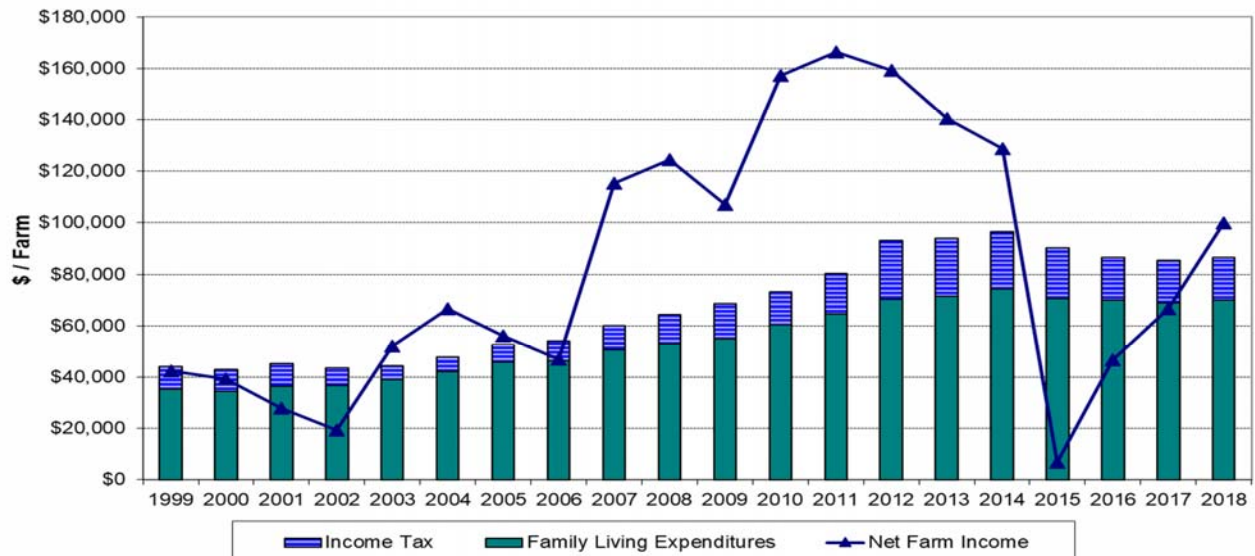


2018 Constant Dollars





## Kansas Farm Management Association Family Living Analysis - 1999-2018



## Brief Summary of United States Farm Policy

- First Farm Bill – Agricultural Credit Corporation Act of 1935 – promoting farm credit (Commodity Credit Corporation Act of 1939 – amended in 1954 and 1961 on programs)
- Agricultural Adjustment Act of 1933 – first law for commodity price support (later replaced by Agricultural Marketing Act of 1946, Federal Crop Insurance Corporation Act of 1958)
- Agricultural Act of 1949 – established price supports at 90% of parity
- Agricultural Act of 1954 – “permanent legislation” of U.S. farm policy (later passed), surplus disposal
- Agricultural Act of 1956 – established the “permanent” farm program (later replaced by this bill are)



## Brief Summary of United States Farm Policy

- Agricultural Act of 1949 – established in 1965, was model for current legislation (through 1973)
- Consolidated Farm and Home Act of 1951 – expansion of USDA lending authority
- 1965 Farm Bill – farm income stabilization legislation, milk marketing control
- Agricultural Act of 1970 – farm income stabilization (\$55,000), Set-Aside
- 1973 Farm Bill – farm income stabilization, Prices, Deficiency Payments (currently SNAP)
- Food Stamp Act of 1961 – Target “Stamps”



## Brief Summary of United States Farm Policy

- Food and Agriculture Act of 1977 – increased price and income supports, established farm-owned reserve, permanently amended the Food Stamp Act of 1964
- Agriculture and Food Act of 1981 – amendments to freeze target prices, payment-in-kind (PIK)
- Food Security Act of 1985 – Conservation Reserve Program (CRP) established as known today, Wetlands Reserve Program (WRP), sodbuster, swampbuster, dairy herd buyout
- Food, Agriculture, Conservation, and Trade Act of 1990 – Rural Development Administration established, organic certification, major changes to PL 480 (Food for Peace)





# Brief Summary of United States Farm Policy

- Federal Agriculture closely with the Production Flex, WHIP, CSP

- Farm Security and cyclical Program funding

- Food, Conservation of the 2002 legislation

- 2014 Farm Bill – extending portions of 2014 – ARC, PL, Disaster Program

- Agriculture Improvement Act of 2018



1996 – Tied to Farm Act –  
 commodity yields, EQIP,

Conservation and Counter-

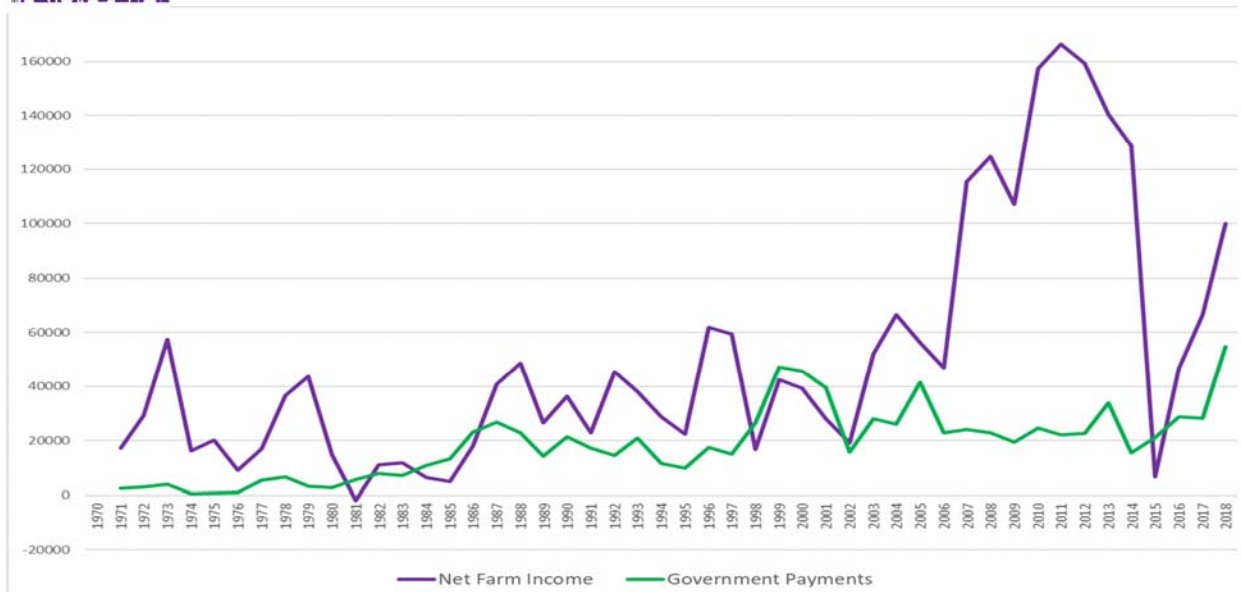
conservation

as a continuation  
 of the 2002 legislation  
 and Jobs Act  
 in Agriculture Act  
 livestock Forage  
 (LIP), others



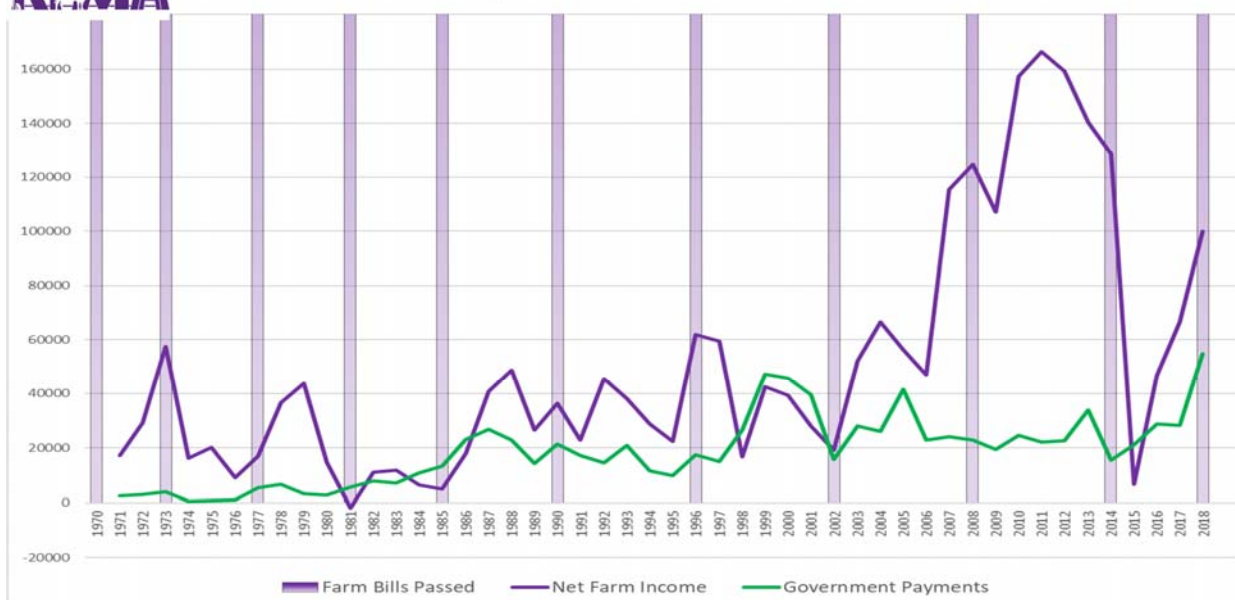
## Kansas Farm Management Association

Government Payments and Net Farm Income - 1971-2018





## Kansas Farm Management Association Government Payments and Net Farm Income - 1971-2018



### What's included in Government Payments in the KFMA Data?

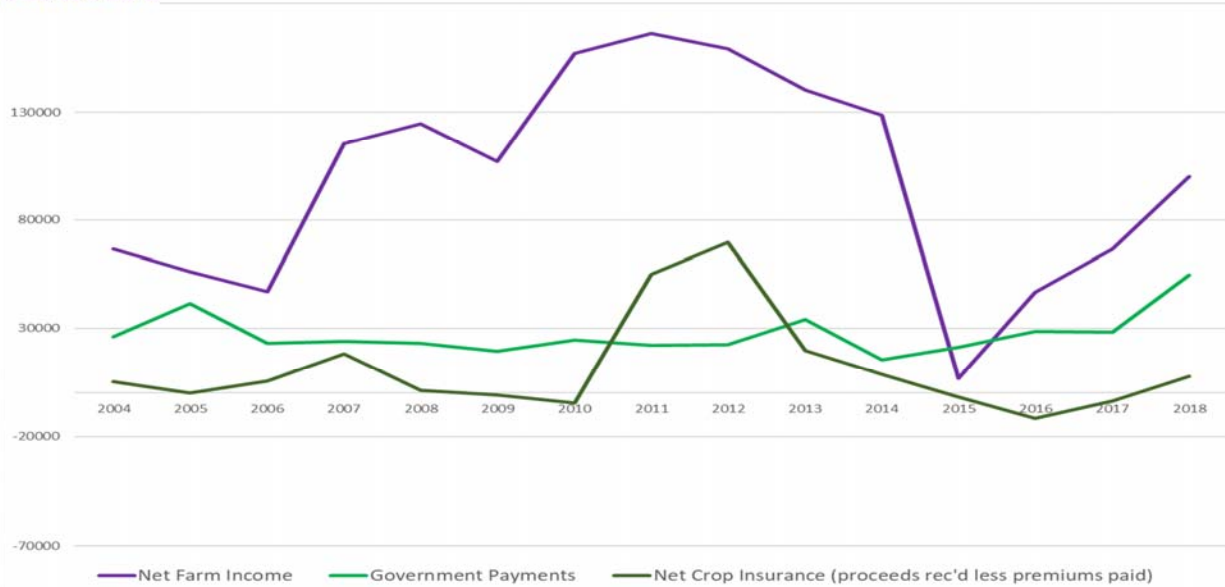
- The Government Payments Account includes:
  - Accrued income amounts for commodity program payments (Title I), conservation payments, livestock payments, disaster payments
  - Specifically for 2018 these include accrued income amounts for: ARC and PLC, MFP, CRP, EQIP and other conservation payments, Loan Deficiency Payments (LDP) or Marketing Loan Gains if received, and disaster payments if any were received
- Crop Insurance is a separate category. KFMA member records include an income category for indemnities received and an expense category for premiums paid. Everything we examine today will be "Net Crop Insurance" (Indemnity less premium paid)

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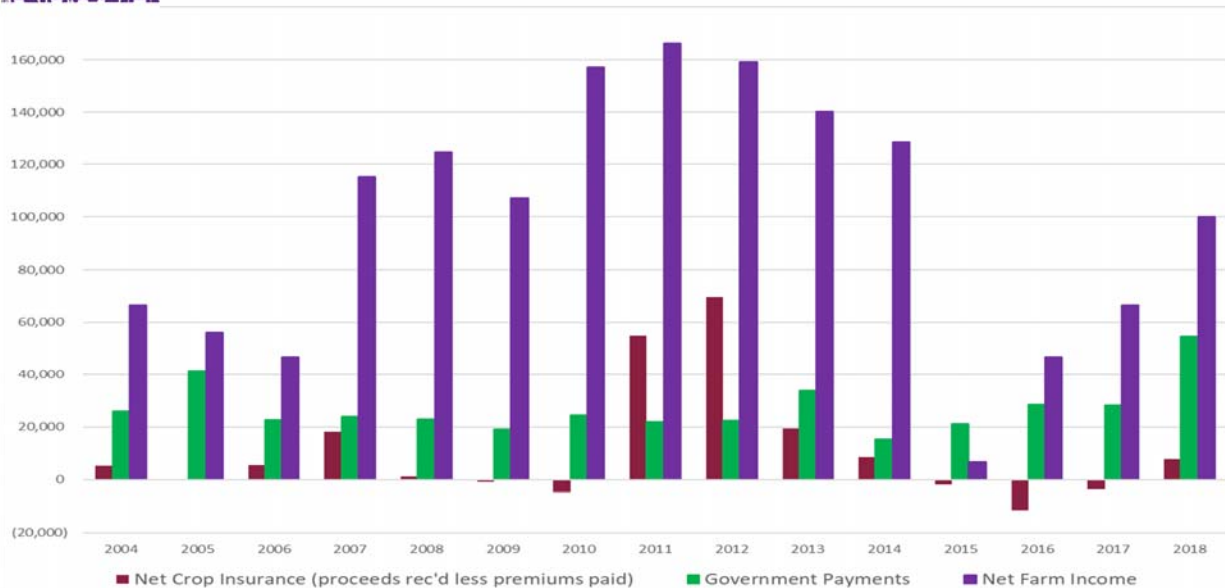
## Kansas Farm Management Association

Government Payments, Net Crop Insurance and Net Farm Income - 2004-2018



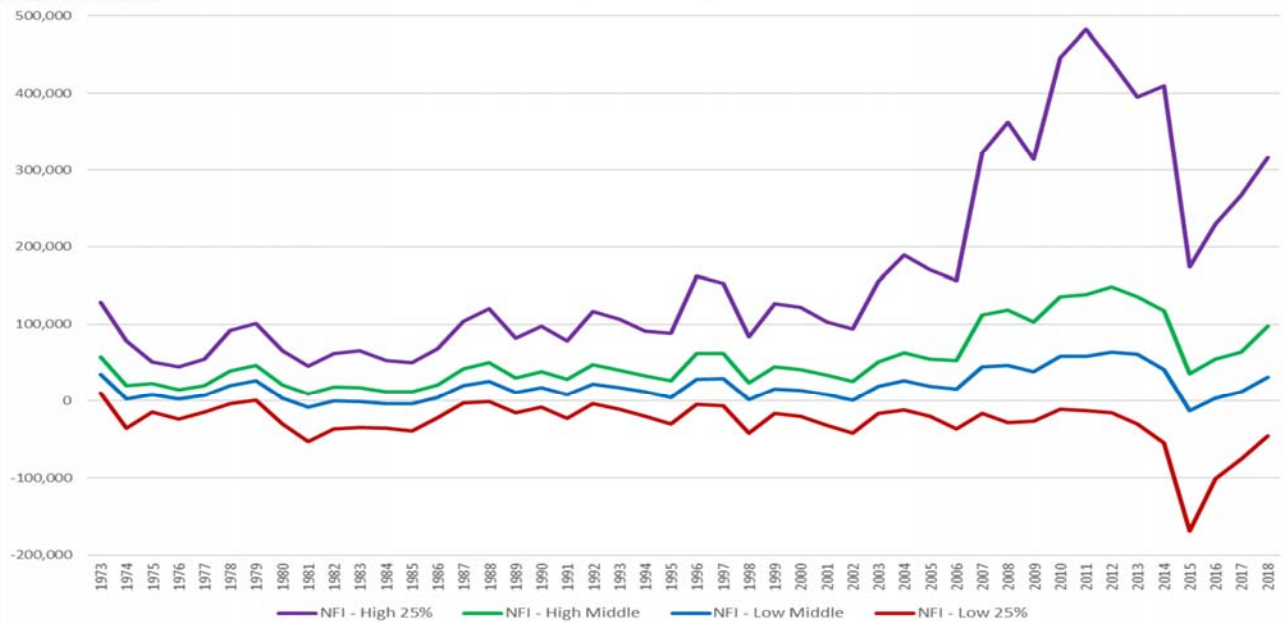
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Government Payments, Net Crop Insurance and Net Farm Income - 2004-2018

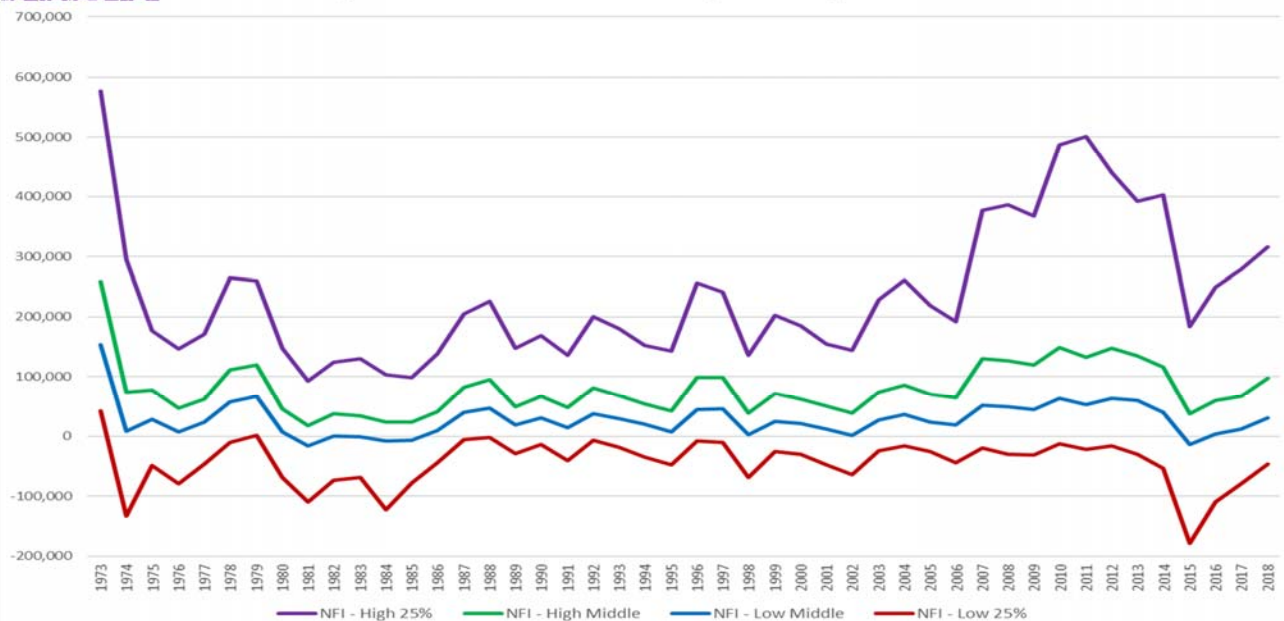




## Kansas Farm Management Association Net Farm Income by Profit Quartiles - 1973-2018



## Kansas Farm Management Association Inflation Adjusted Net Farm Income by Profit Quartiles - 1973-2018



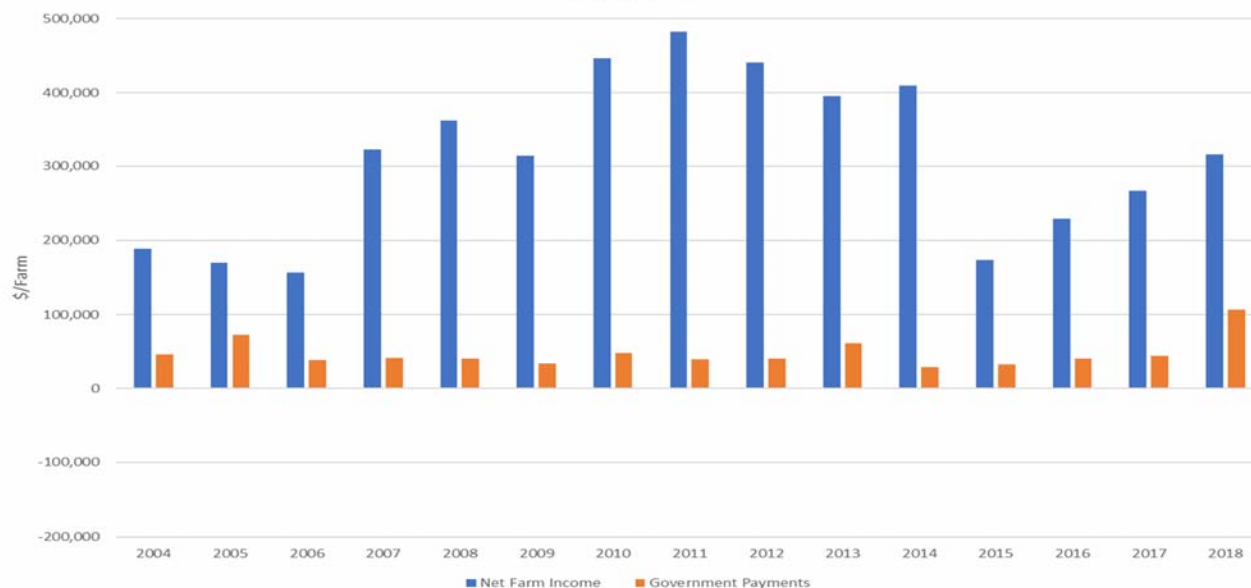




# Kansas Farm Management Association

## Government Payments by Net Farm Income Quartile - 2004-2018

### High 25%



# Kansas Farm Management Association

## Government Payments by Net Farm Income Quartile - 2004-2018

### High Middle

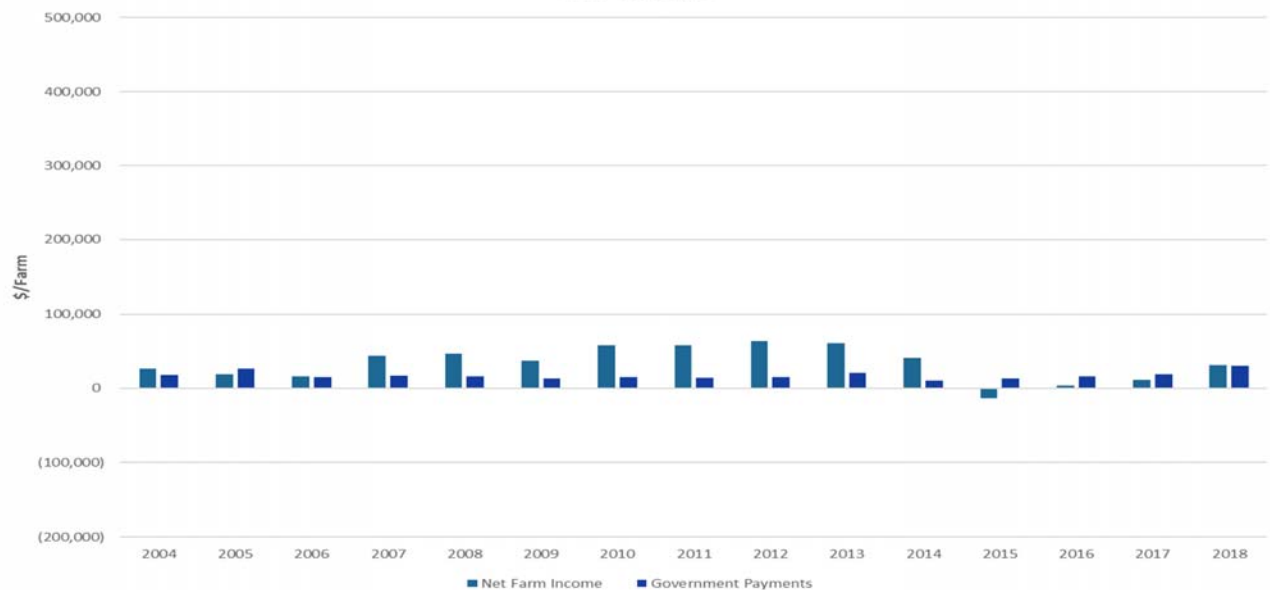




# Kansas Farm Management Association

## Government Payments by Net Farm Income Quartile - 2004-2018

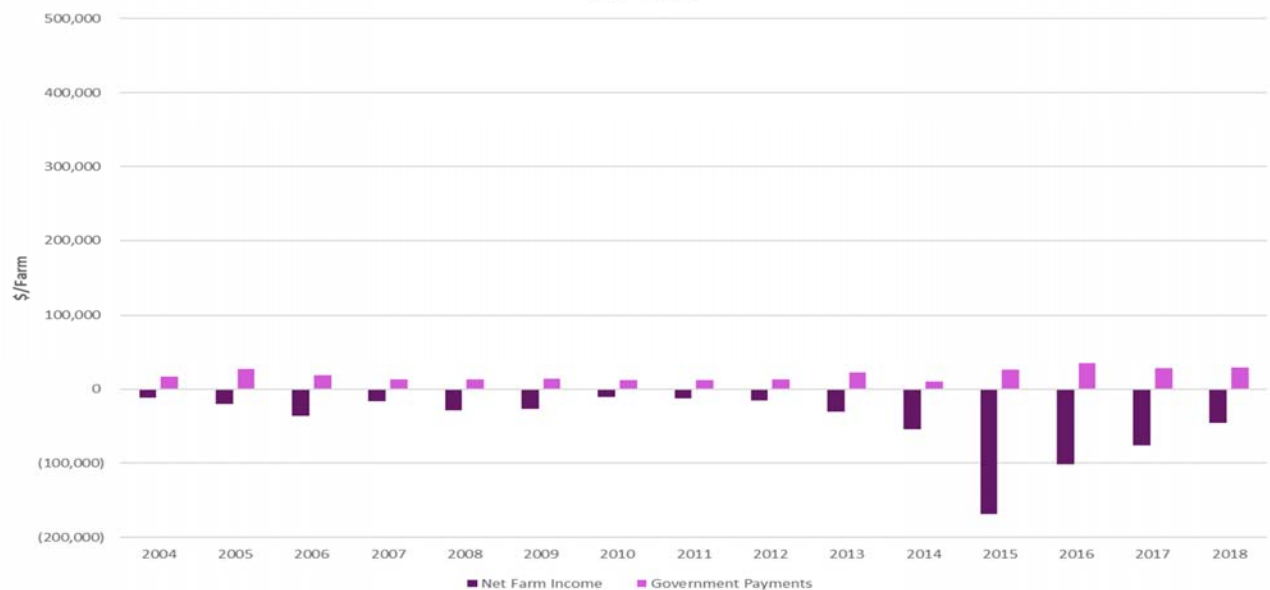
### Low Middle



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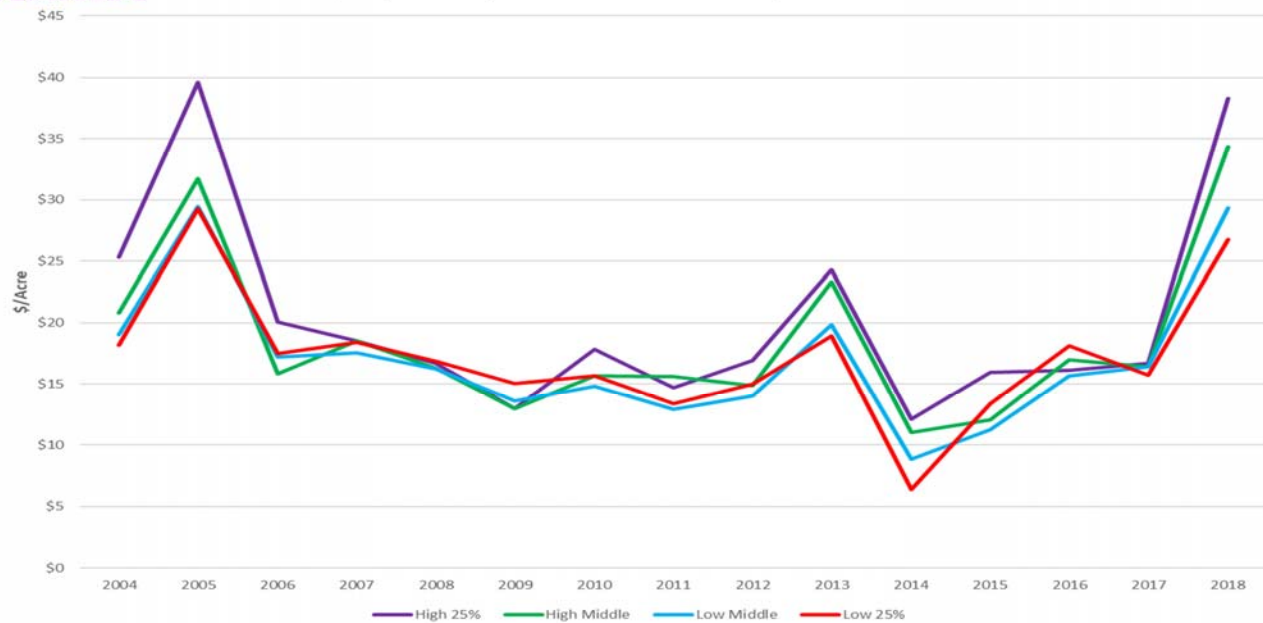
## Government Payments by Net Farm Income Quartile - 2004-2018

### Low 25%

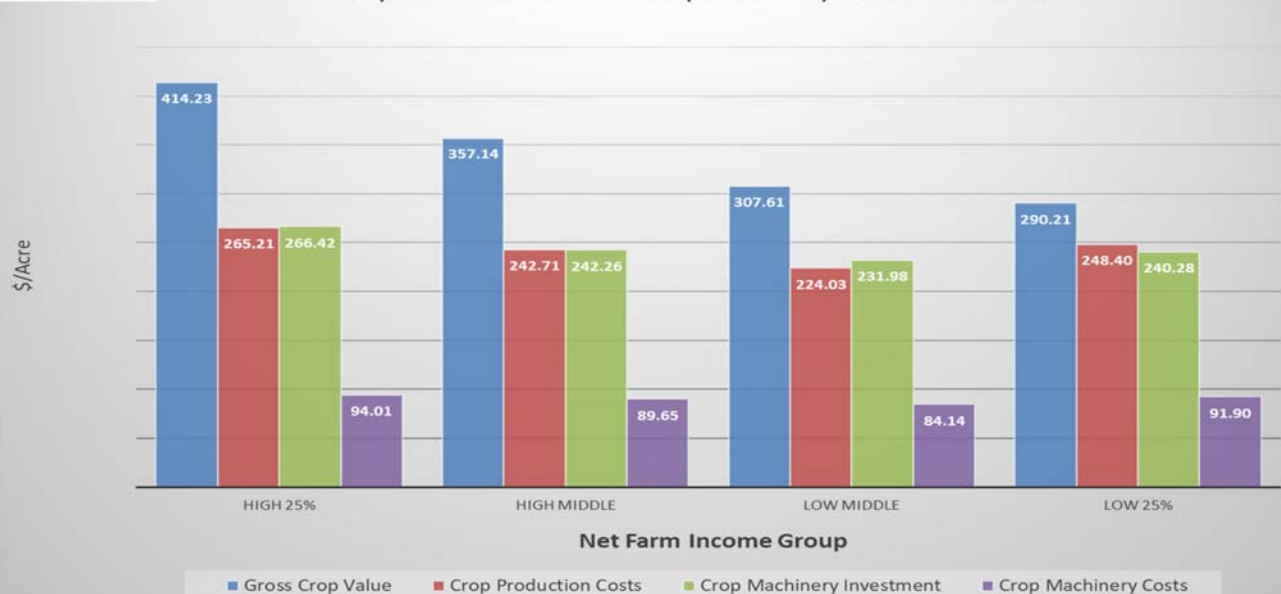




## Kansas Farm Management Association Gov't Pymt/Acre by Net Farm Income Quartile - 2004-2018



## Kansas Farm Management Association 2018 Crop Value and Cost Comparison By Net Farm Income

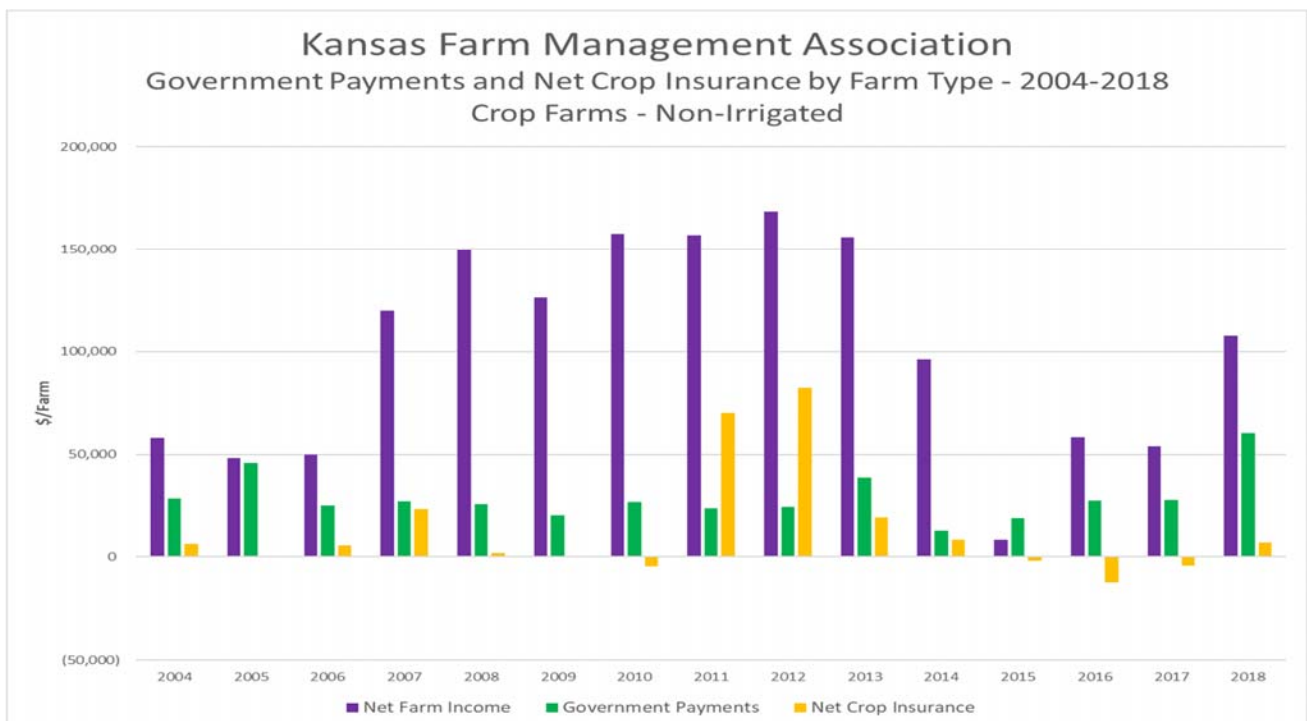


## Defining Farm Types in the KFMA Data

Farm Types are defined based on labor use. Units of production (acres, head number, etc.) are multiplied by a labor standard for the crop and/or livestock enterprises on the farm to compare labor need between the enterprises.

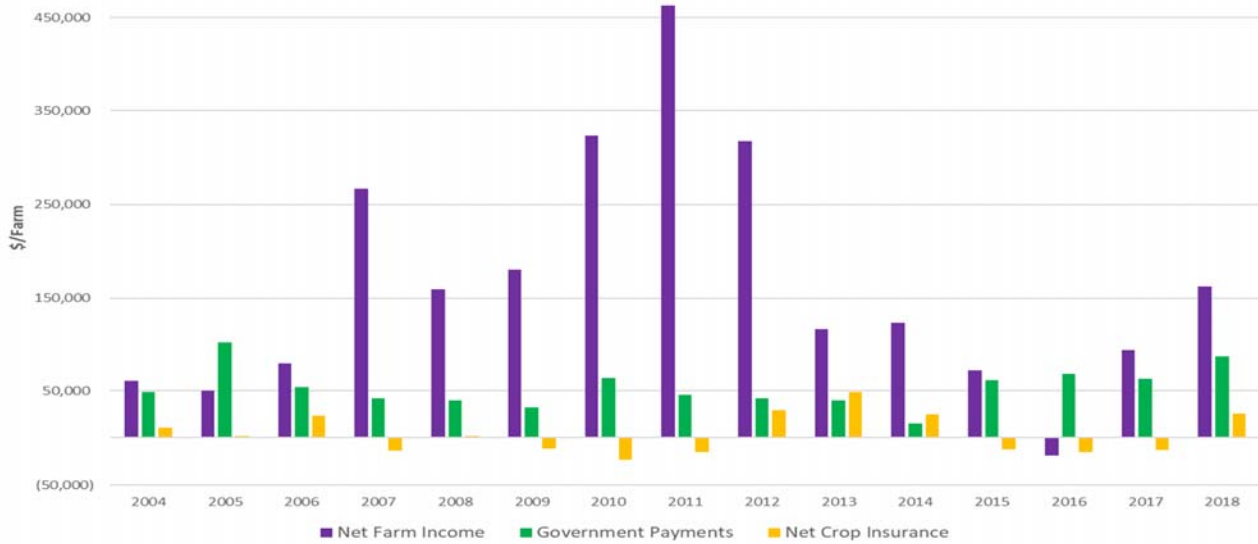
- Single farm types result when 70% or more of the allocated labor is for one farm type definition
- Multiple farm types result when at least 35% of the allocated labor is for two farm type definitions
- If the allocated labor does not meet one of the two above criteria, the farm will be defined to the farm type of "General Farm"

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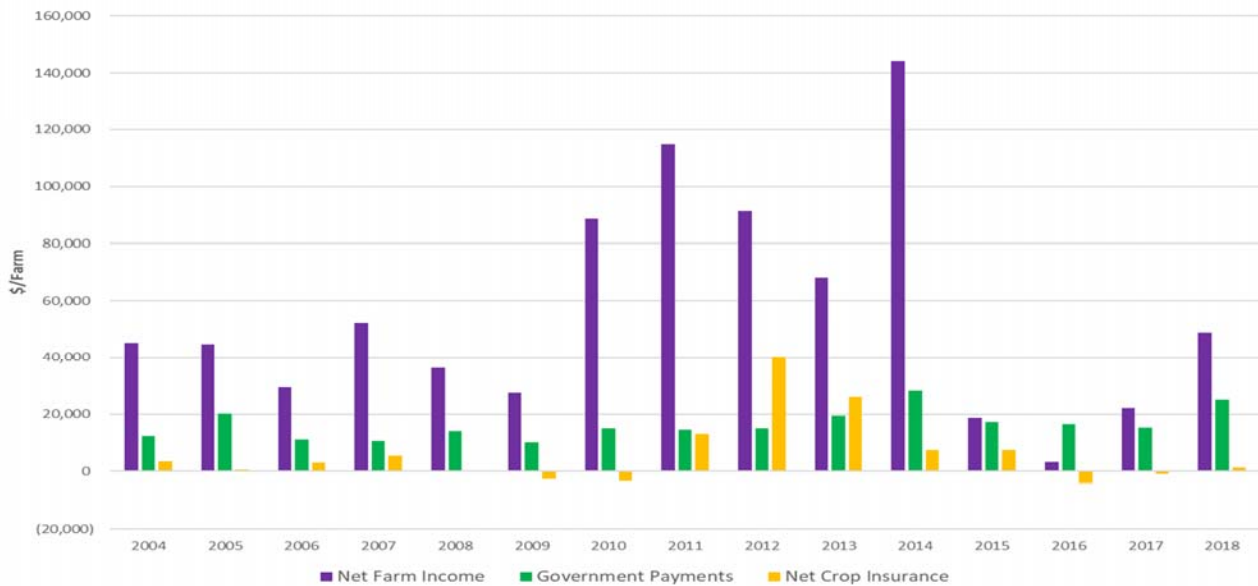




# Kansas Farm Management Association Government Payments and Net Crop Insurance by Farm Type - 2004-2018 Crop Farms - > 60% Irrigated



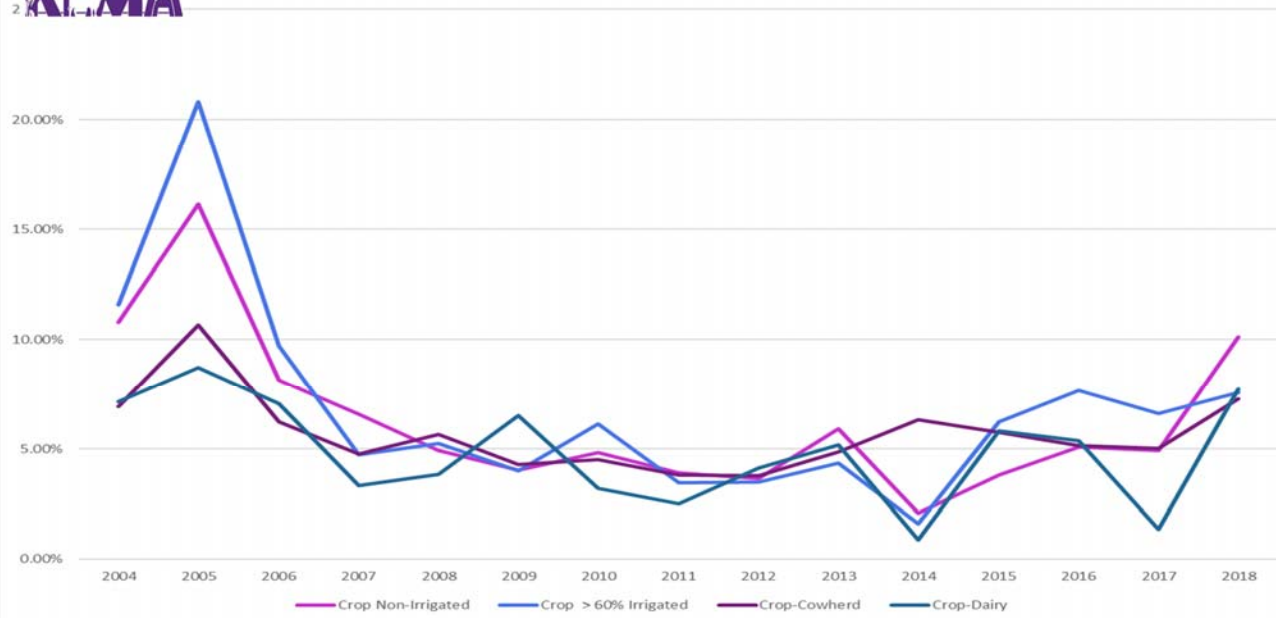
# Kansas Farm Management Association Government Payments and Net Crop Insurance by Farm Type - 2004-2018 Crop Cowherd





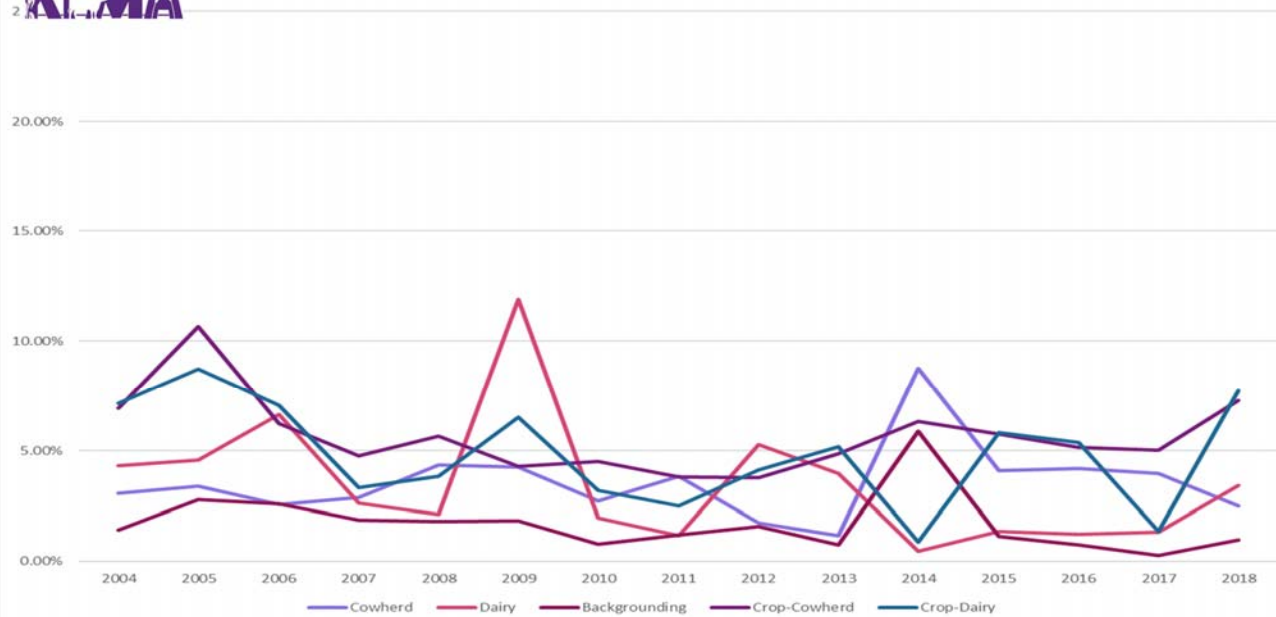
## Kansas Farm Management Association

### Government Payment Percent VFP by Farm Type - 2004-2018



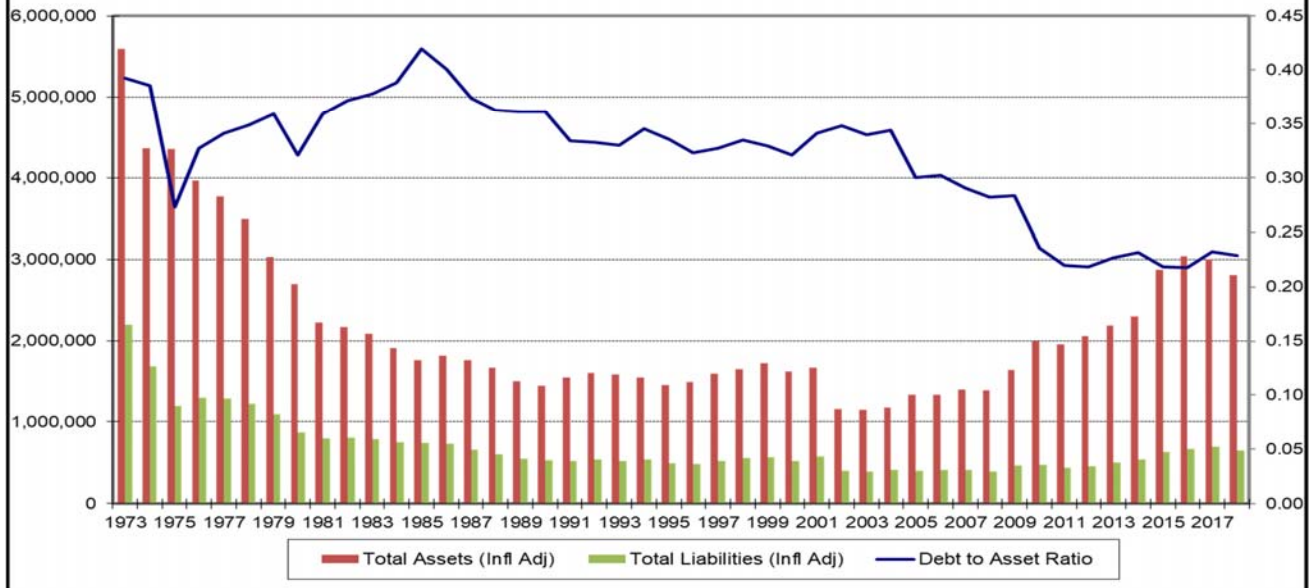
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### Government Payment Percent VFP by Farm Type - 2004-2018

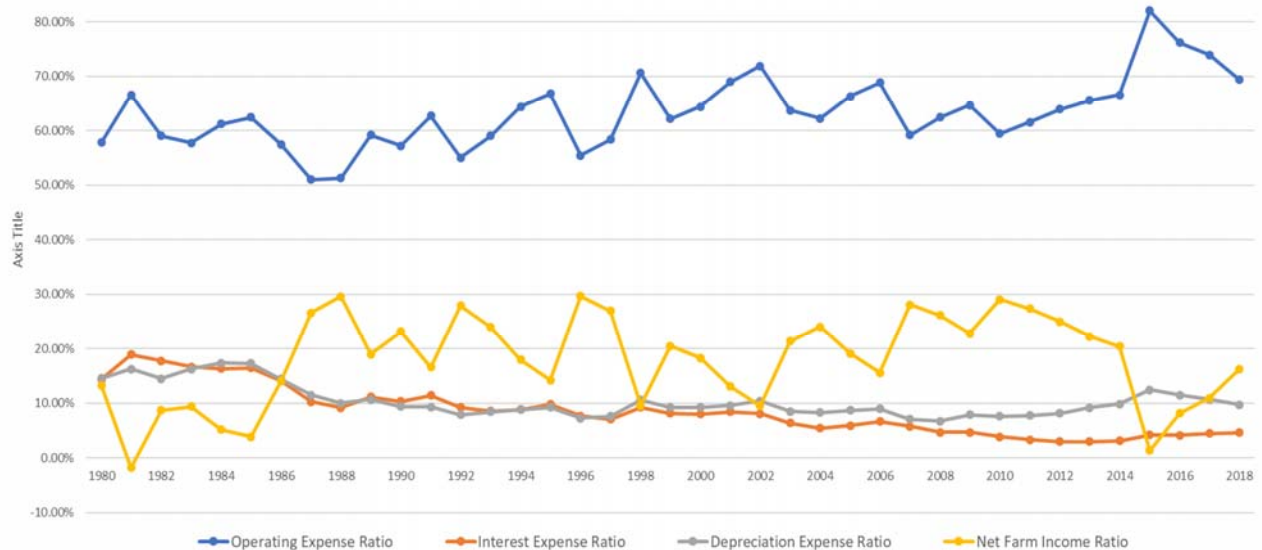




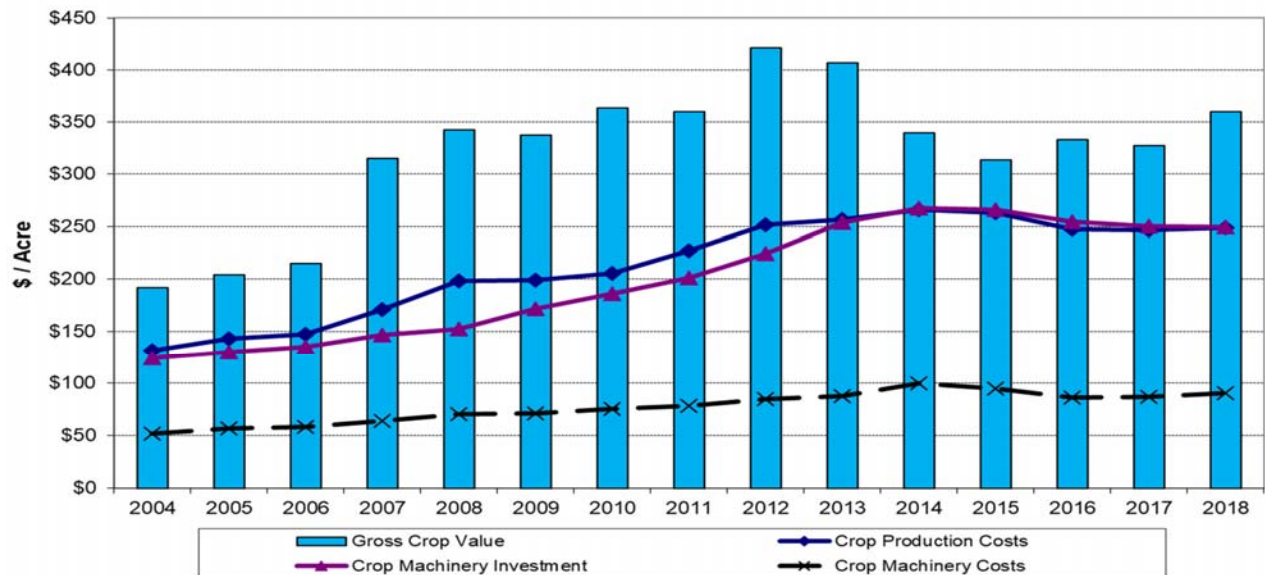
## Kansas Farm Management Association Inflation Adjusted Solvency Trends, 1973-2018



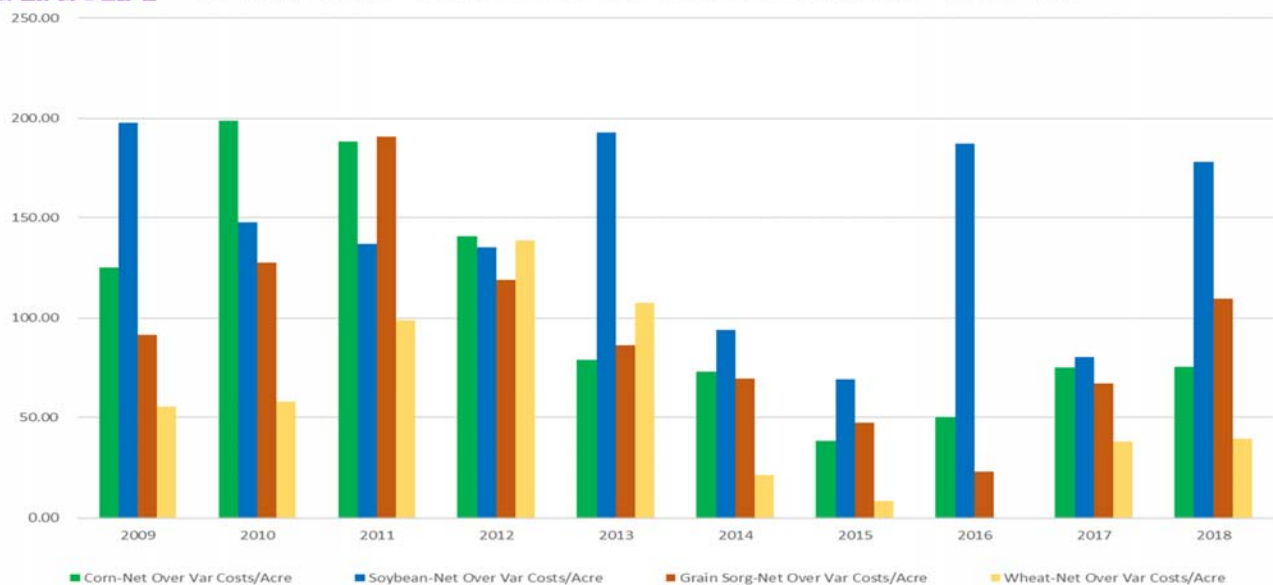
## Kansas Farm Management Association Profitability Ratios - 1980-2018



## Kansas Farm Management Association Crop Value and Cost Trends, 2004-2018



## Kansas Farm Management Association Primary Crops - Net Return Over Variable Costs/Acre - 2009-2018

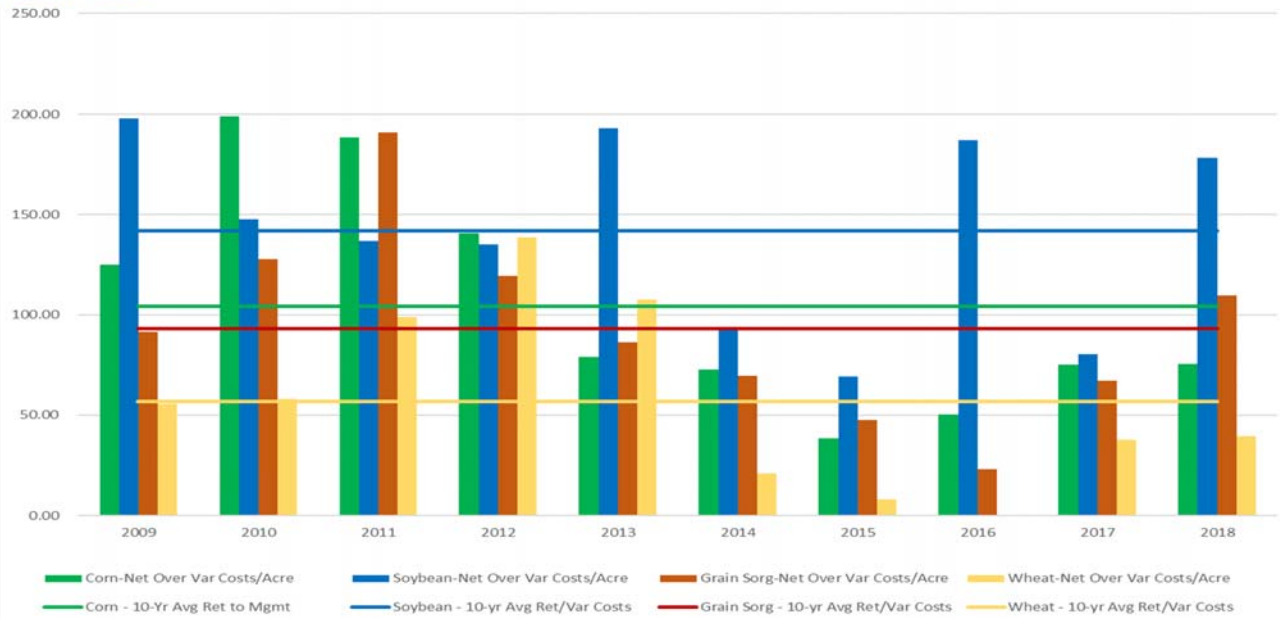






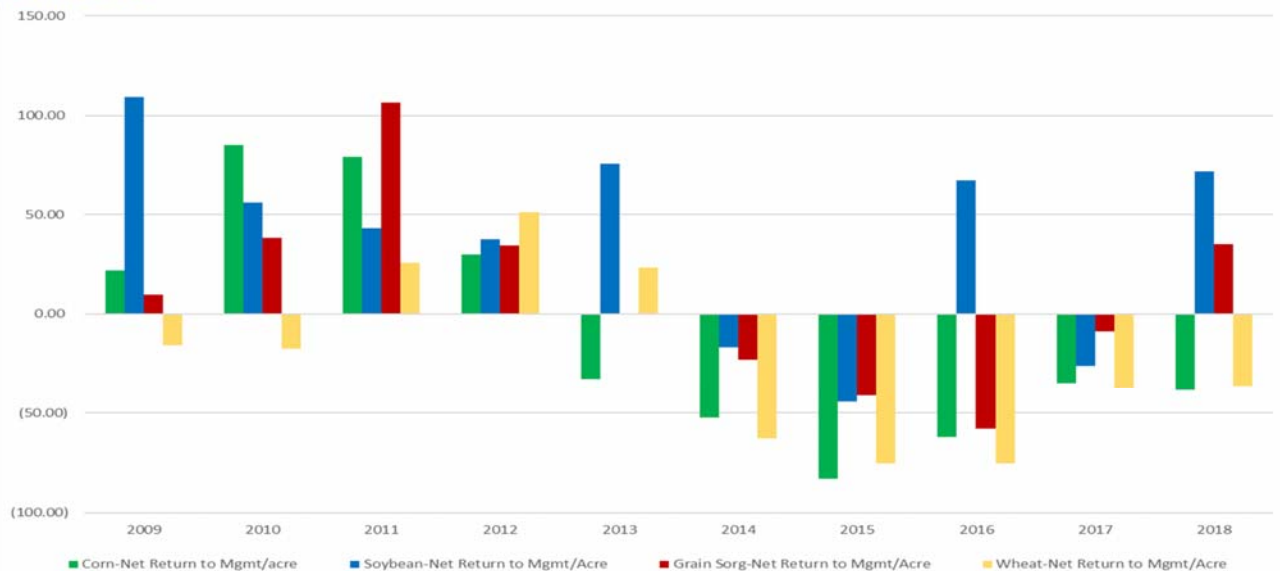
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### Primary Crops - Net Return Over Variable Costs/Acre - 2009-2018



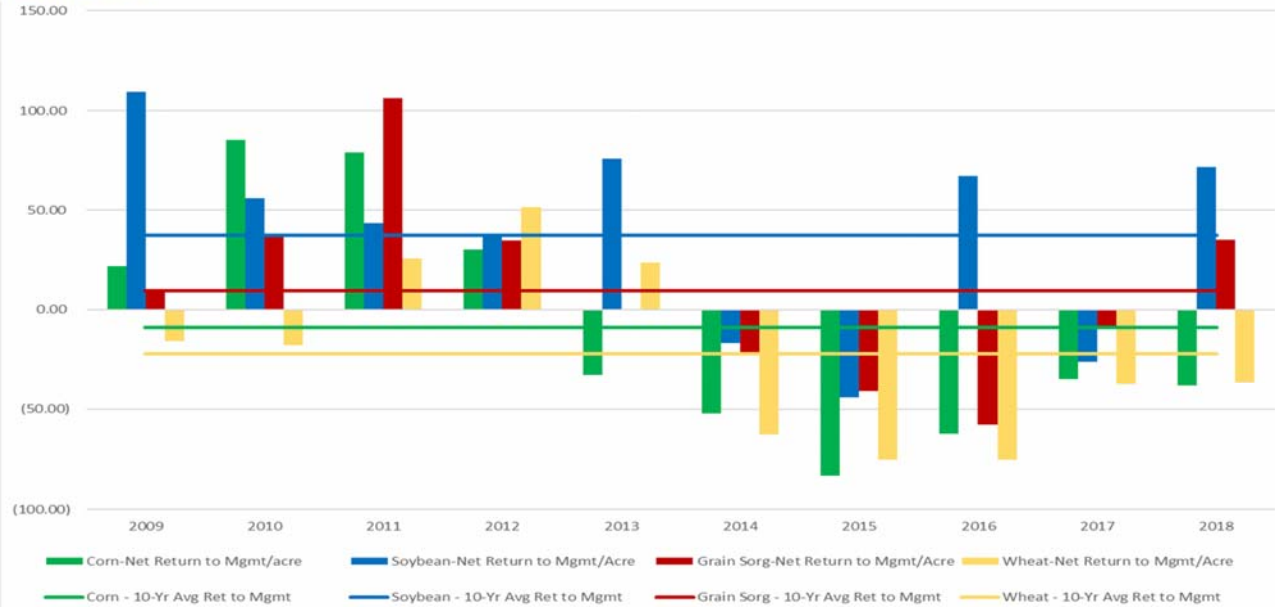
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### Primary Crops - Net Return to Management per Acre - 2009-2018

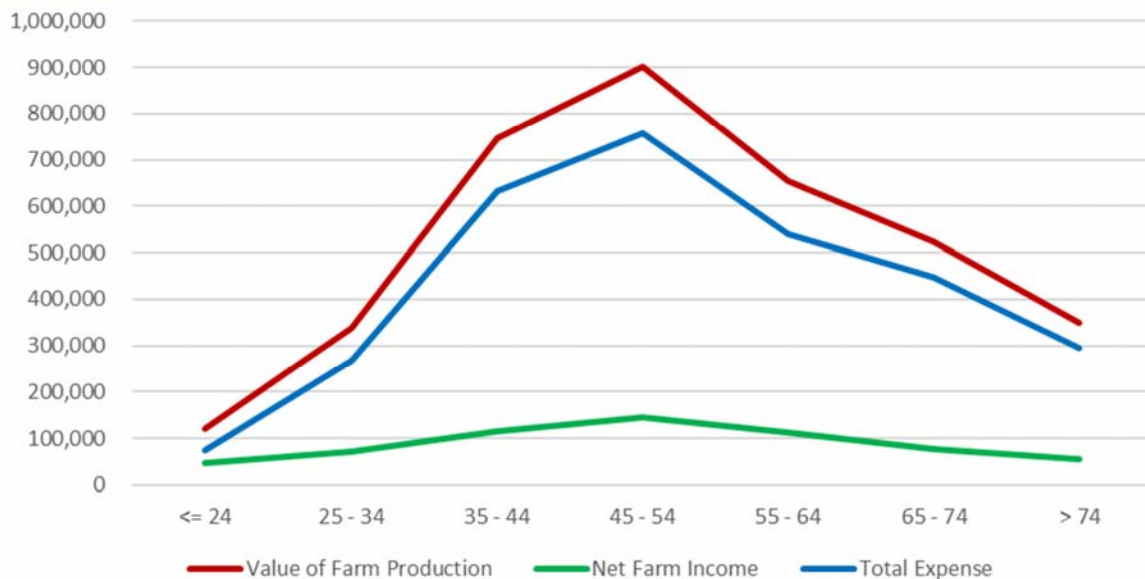




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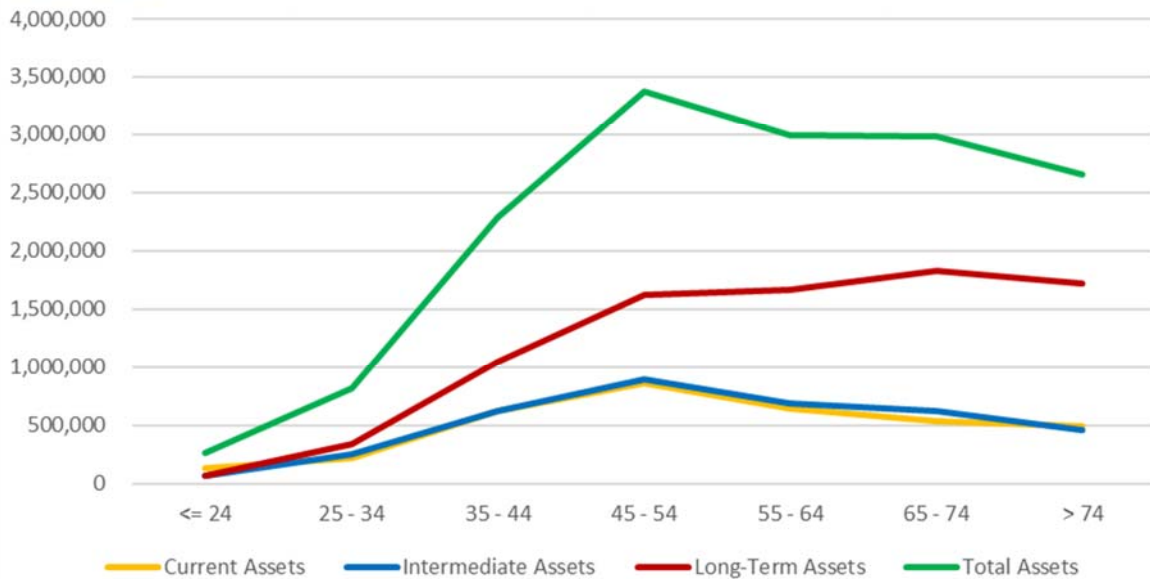


## KFMA Data by Operator Age - 2018 Value of Farm Production, Total Expense and Net Farm Income

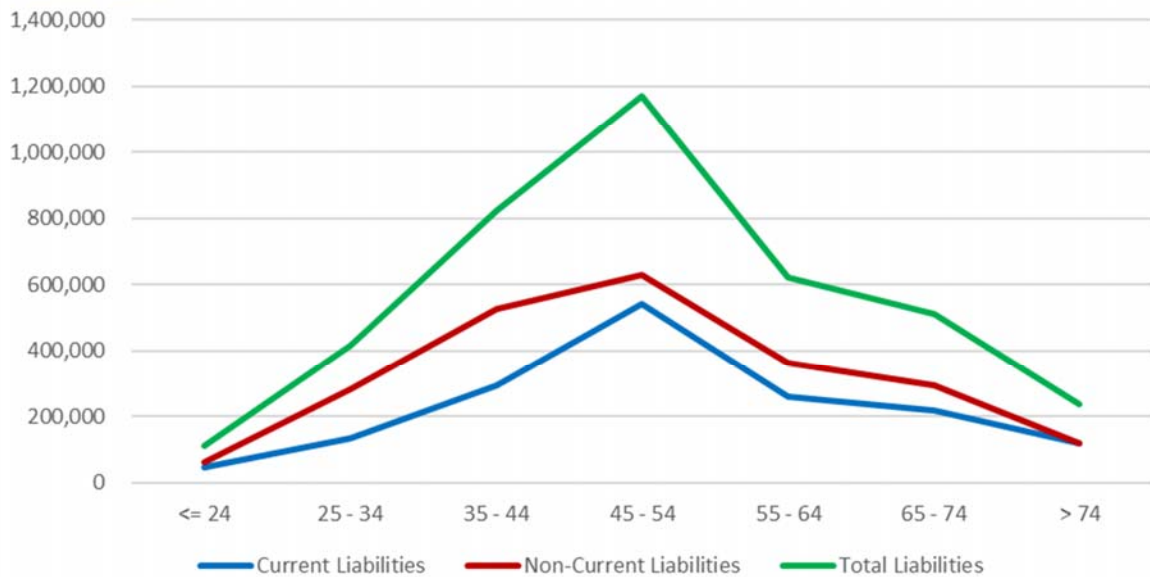


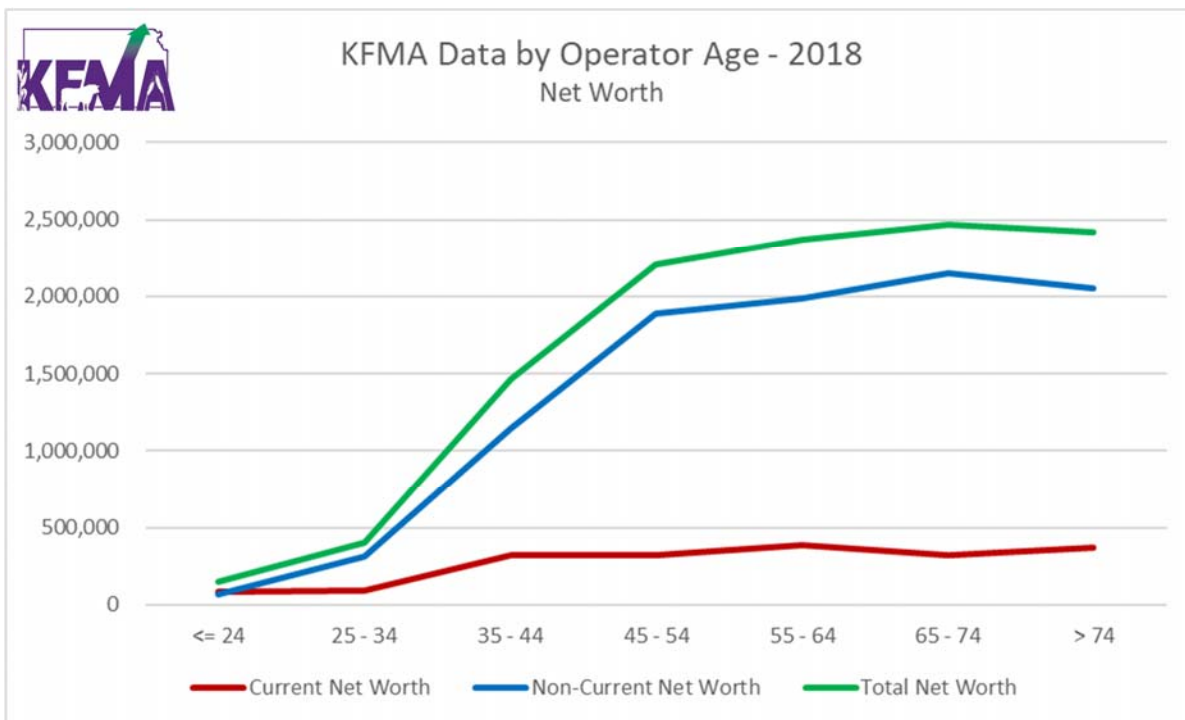


KFMA Data by Operator Age - 2018  
Assets by Class



KFMA Data by Operator Age - 2018  
Liabilities





## Kansas Farm Management Association (KFMA)

[www.AgManager.info/KFMA](http://www.AgManager.info/KFMA)

Questions, Comments or More Information

Thank you!

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