



# Family Living Expenses, Current Net Farm Income and Effects on Farm Equity

Gregg Ibendahl  
Kansas State University  
2018 Risk and Profit  
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## Points to Cover

- Review of Net Farm Income
- How have farms with 20 years of KFMA history done
- Examination of family living in total
- Family living expense categories
- Family farm equity changes

# Review of Net Farm Income

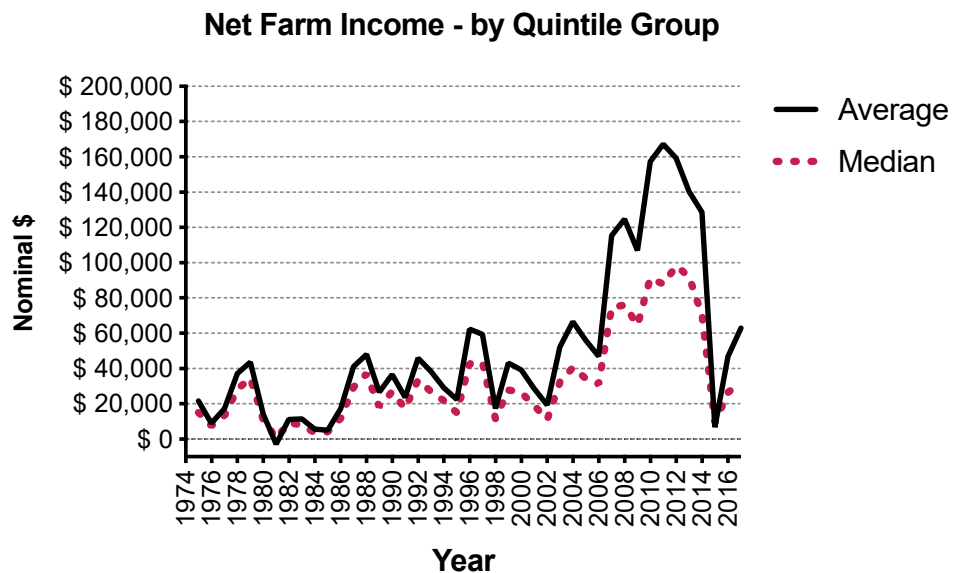
- Improving income situation the last 2 years
- Are we past the bottom?
- Will we ever relive the 2008 to 2013 time frame?
- Uncertainty for the future

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3

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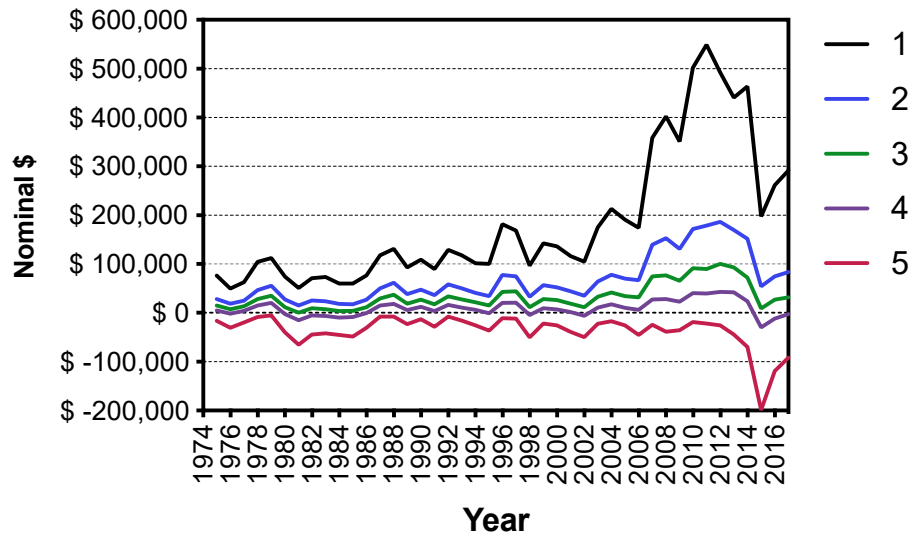
# Average and Median NFI for KFMA Farms



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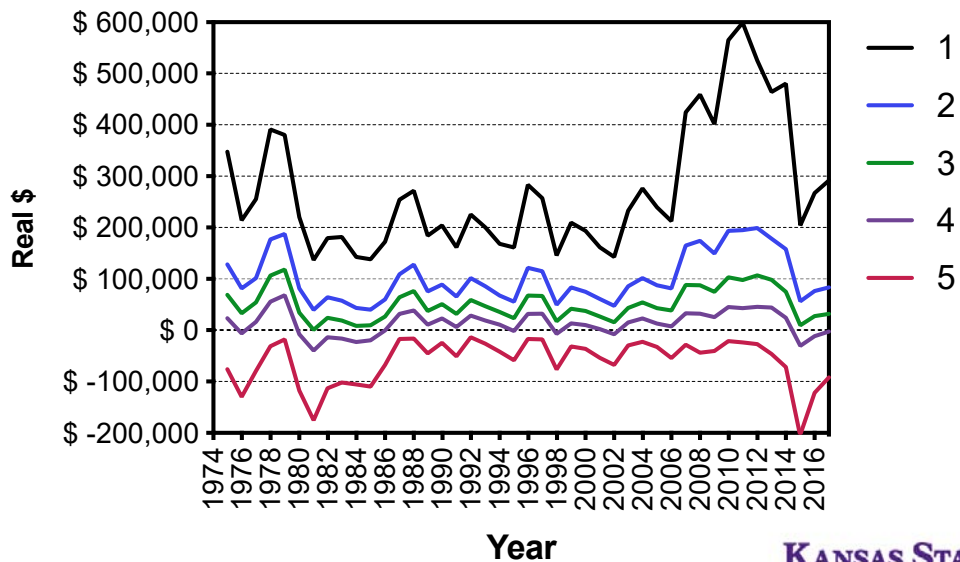
# Differences Among Farms

Net Farm Income - by Quintile Group



# Difference Among Farms - In real dollars

Net Farm Income - by Quintile Group



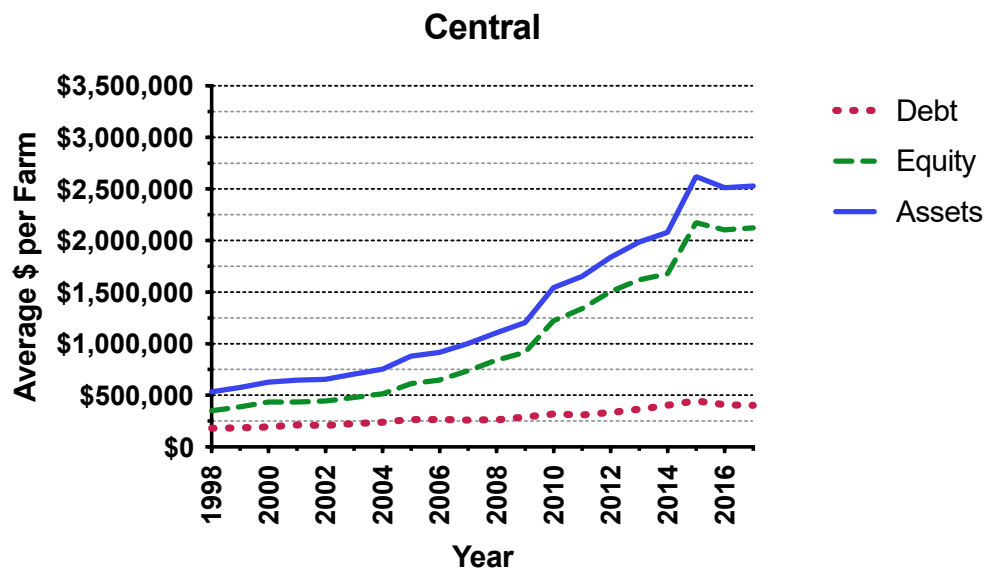
# A Review of 20 year KFMA Farms

- Filter KFMA data for only those farms with useable data for the last 20 years
- Examine Debt, Equity, and Assets by region
- Examine farm size by region

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7

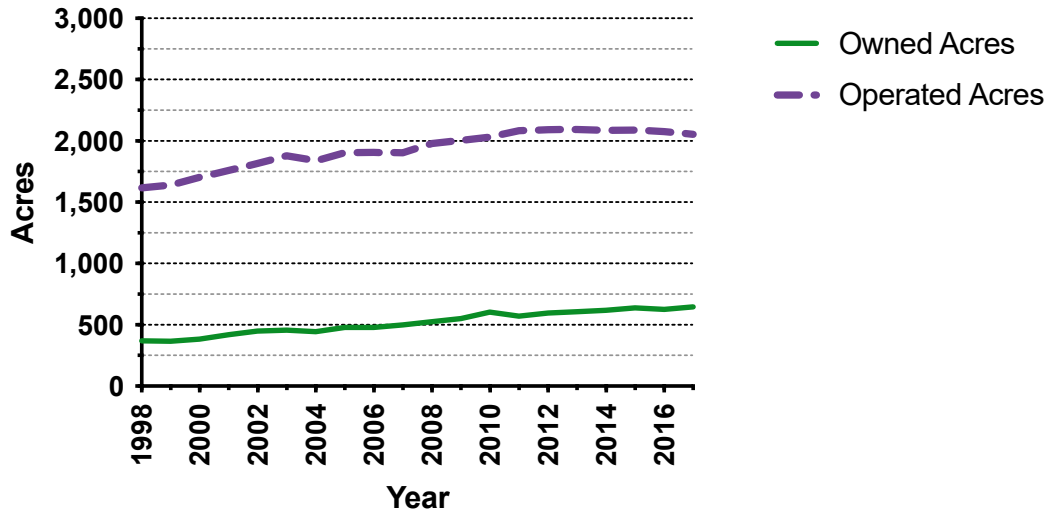
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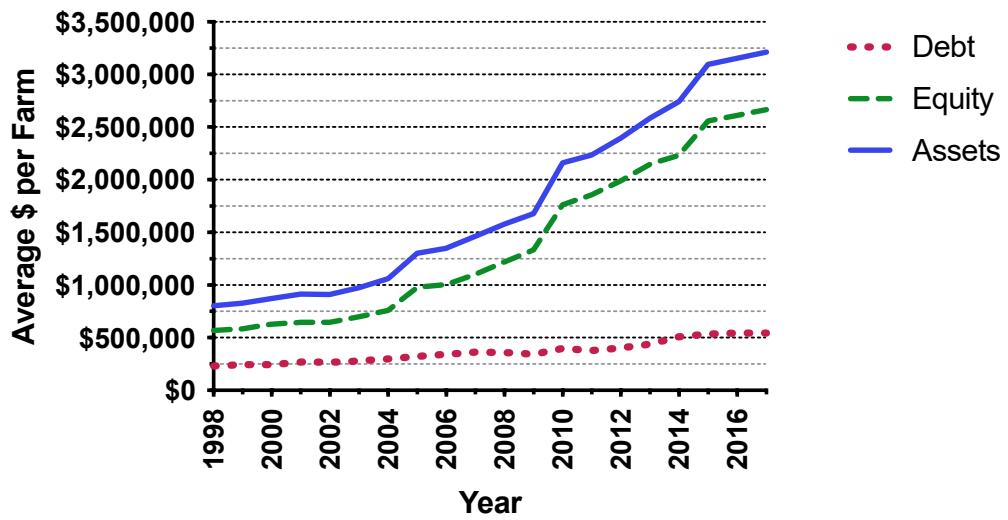
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### Central - acres

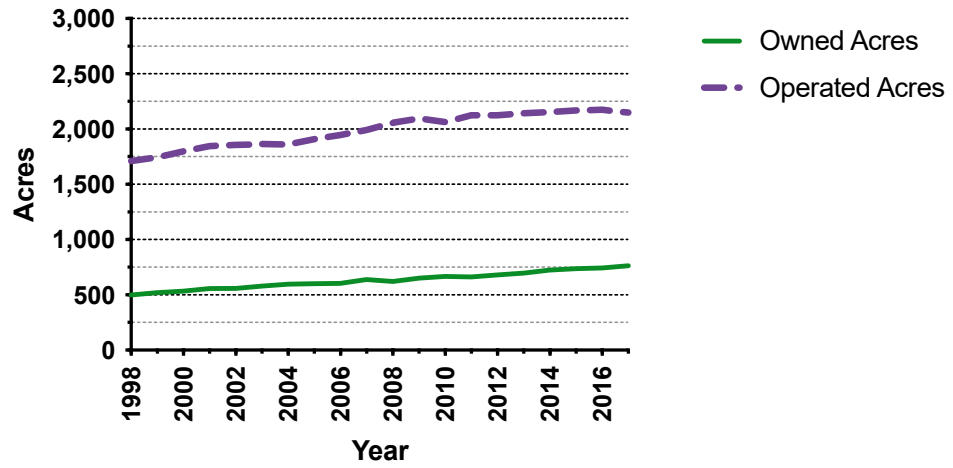


### East

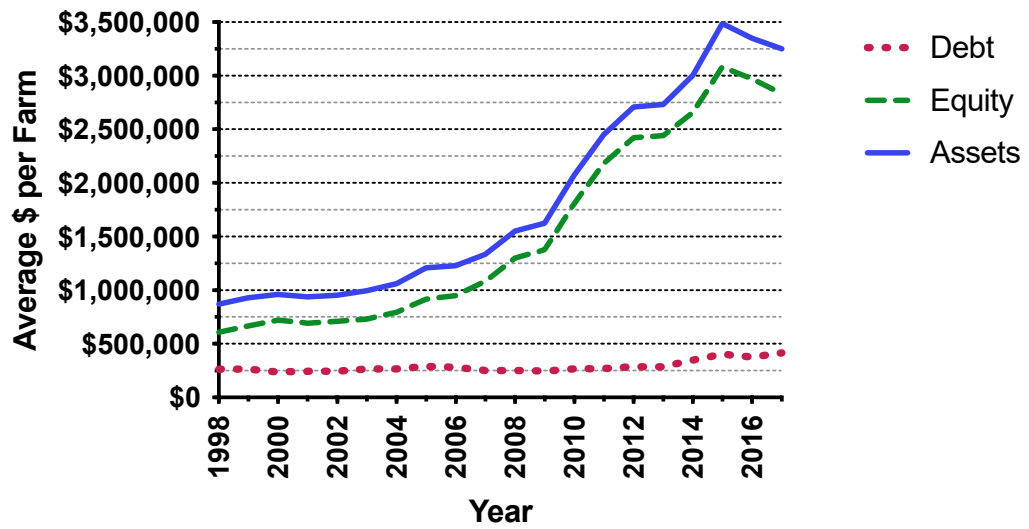




### East- acres

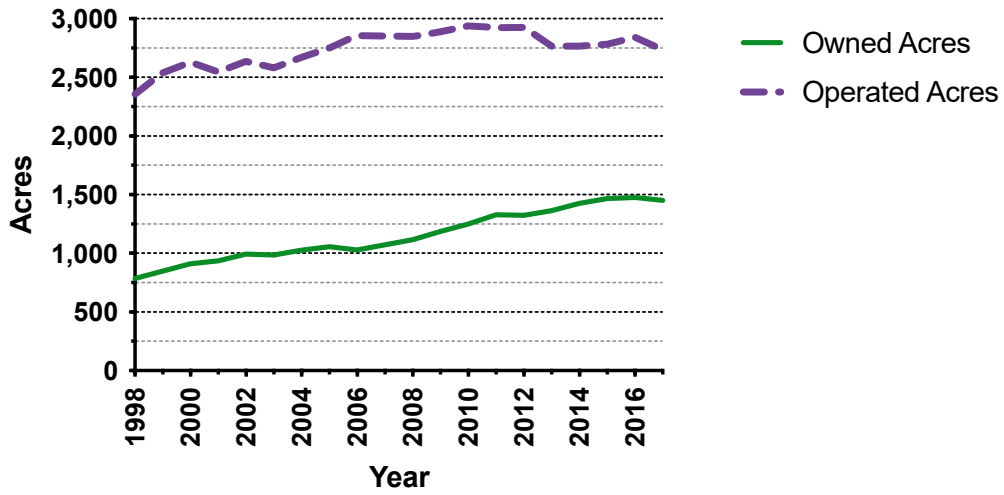


### West

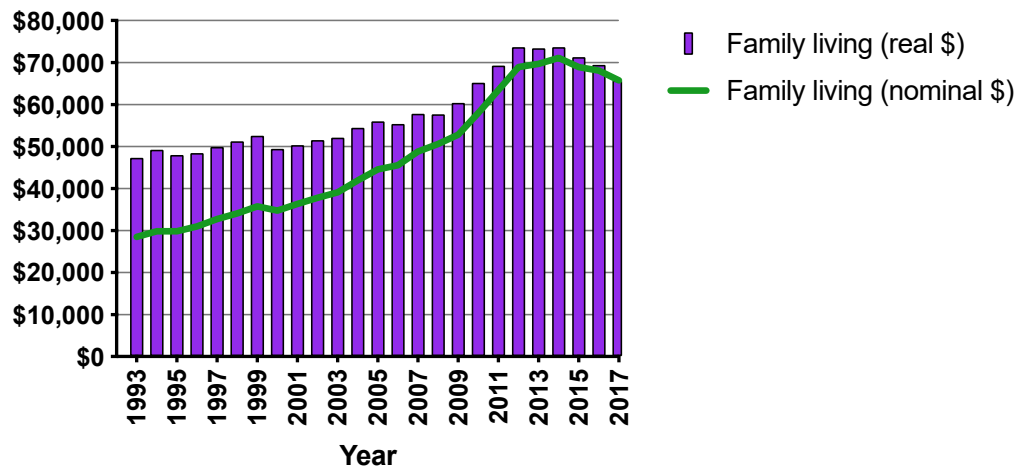




### West- acres

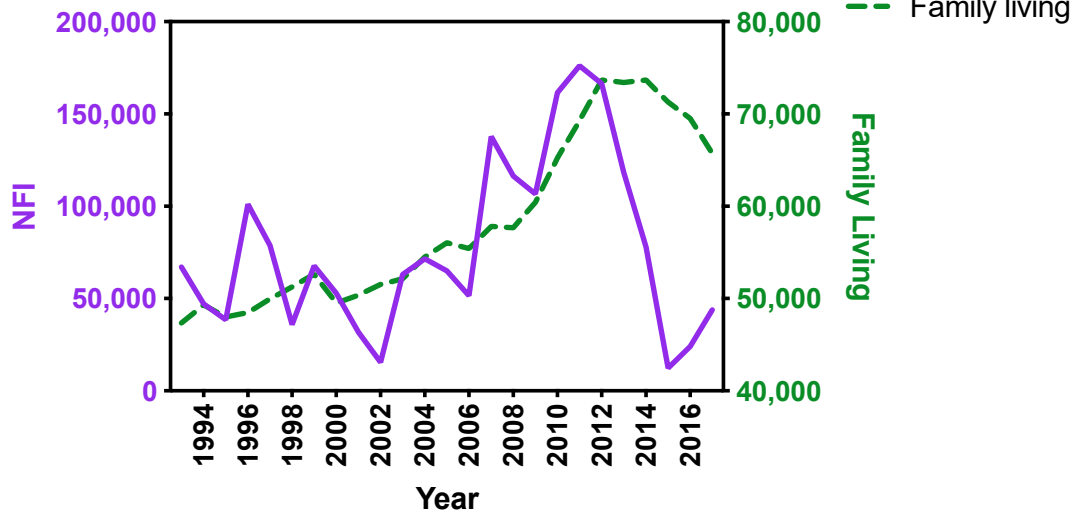


### Total Family Living

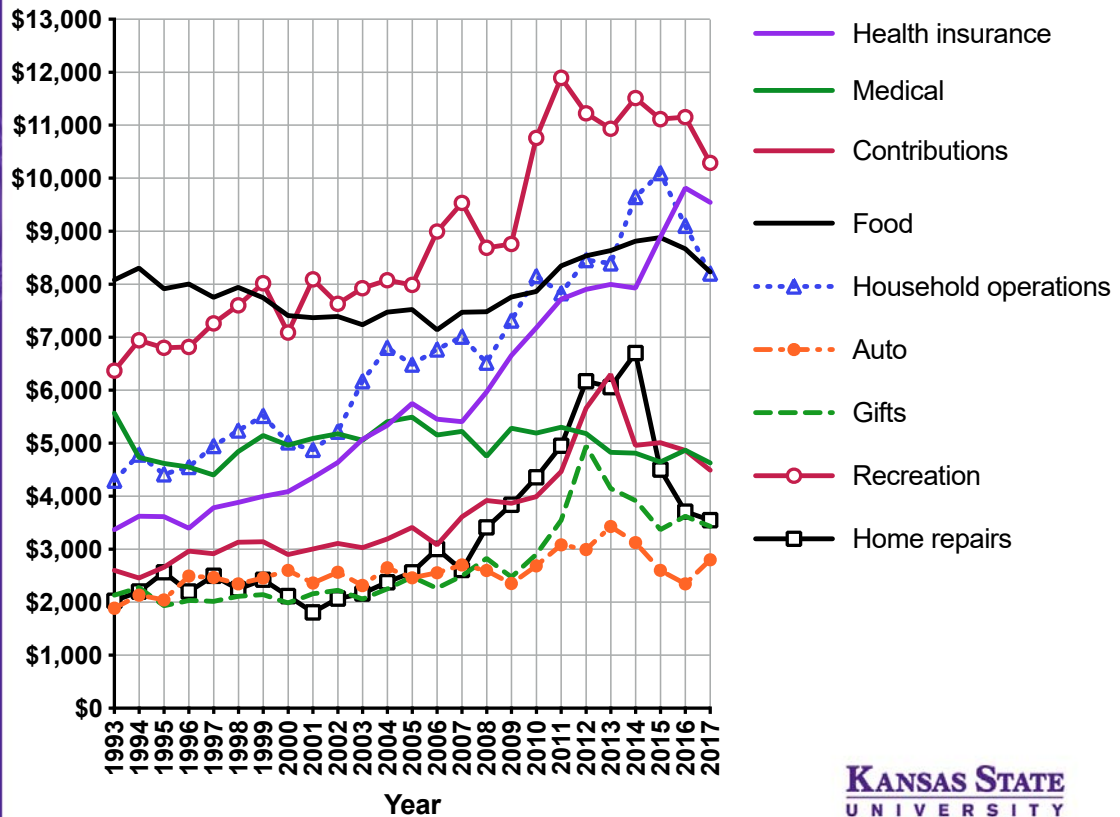




### NFI vs family living (real \$)



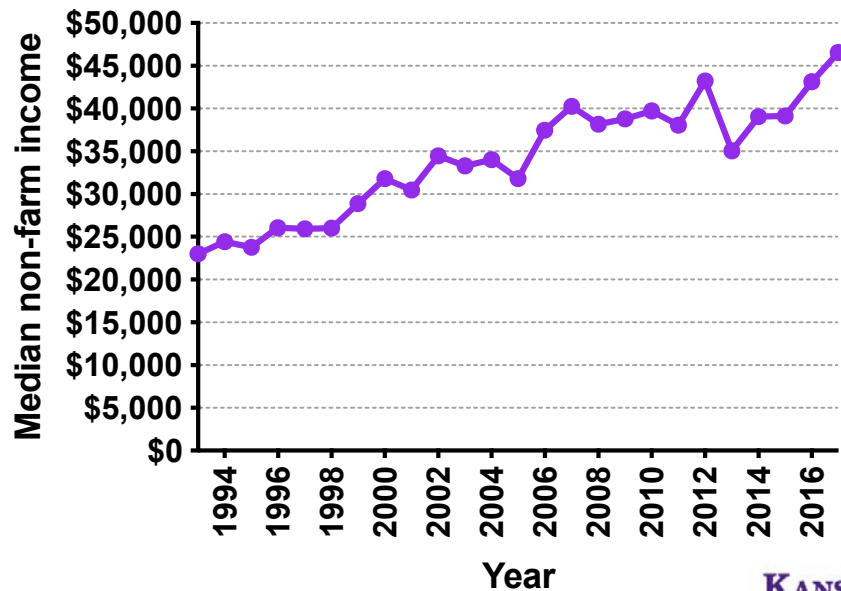
### Family living (real \$)





# Non-Farm Income

## Medium non-farm income



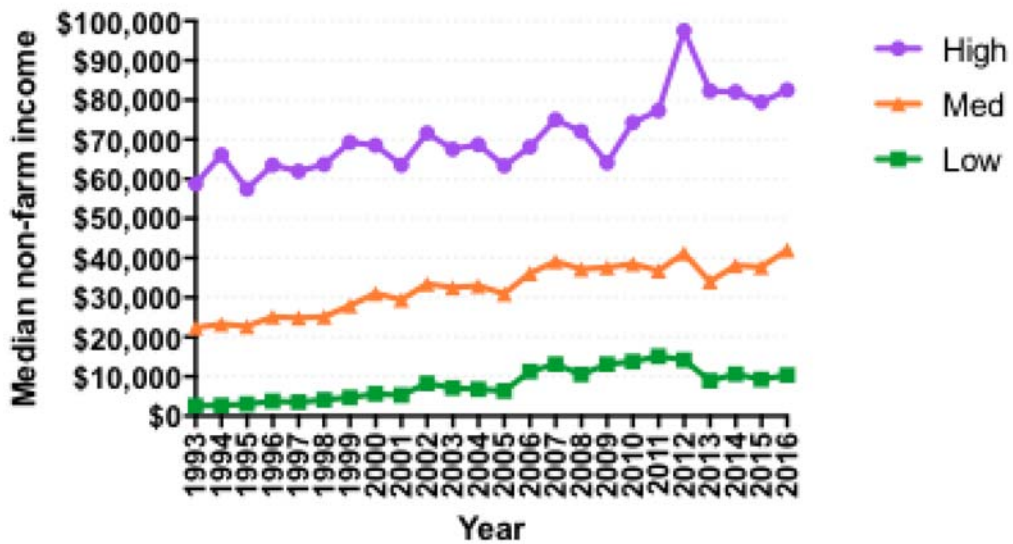
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## Examining Farms by Level of Non-Farm Income

- Divide farms into thirds by level of non-farm income
- Examine the NFI of these groups
- Examine the family living of these groups

# Non-Farm Income Varies Greatly

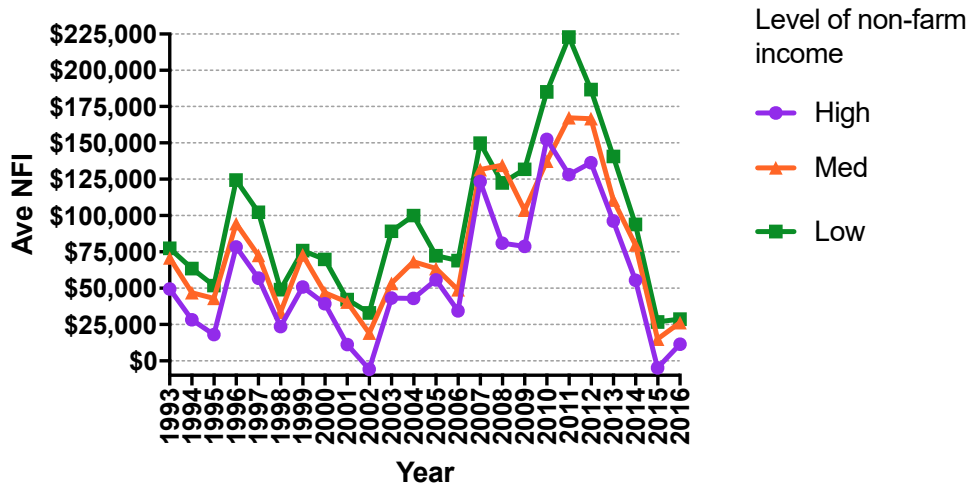
## Non-Farm income by income groups



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# NFI Differences

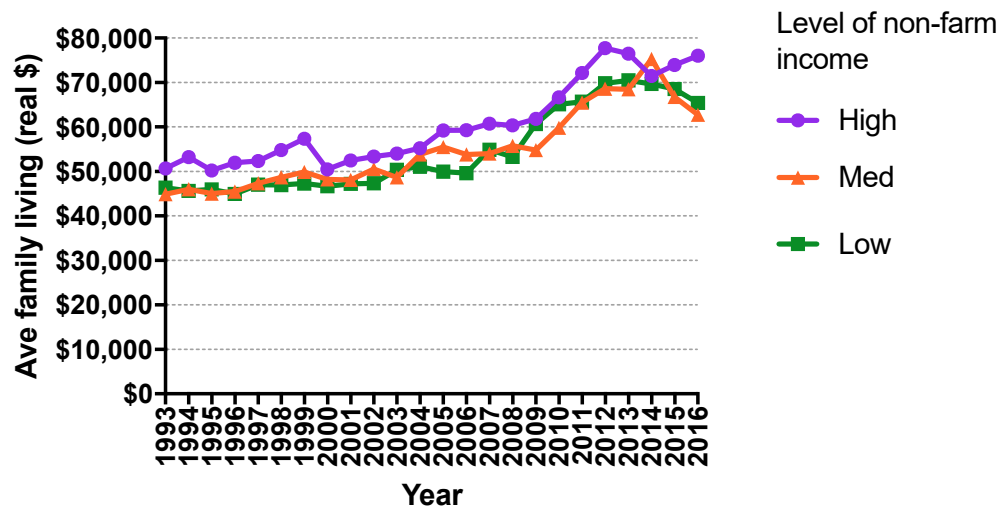
## NFI by non-farm income groups



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# Family living differences

Family living by non-farm income groups



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## Combining Everything

- NFI
- Non-farm Income
- Family Living
- Not considering cash flow effects – just equity changes

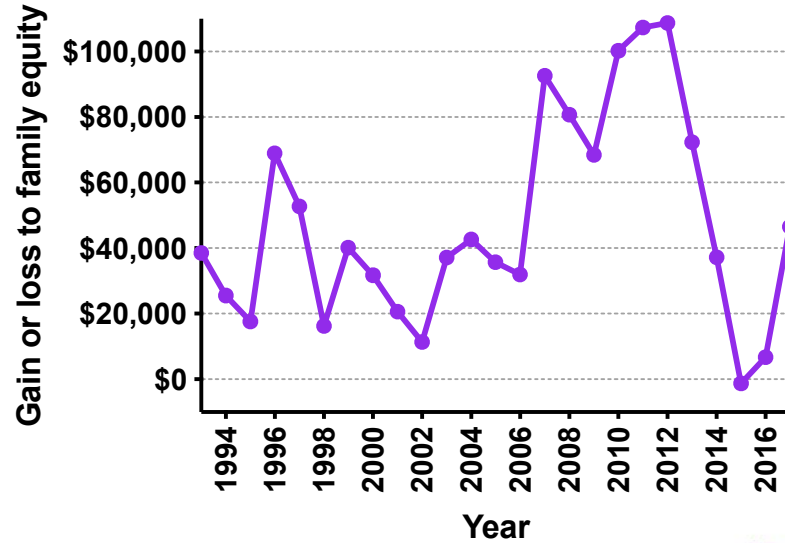
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22

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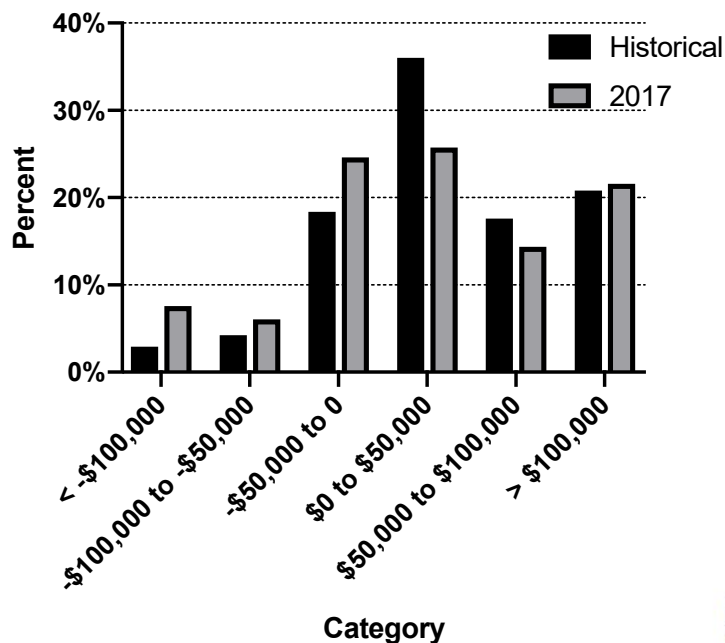
# NFI + Nonfarm Income – Family living

## NFI and non-farm income over family living



# Still not back to historical

## Family equity changes



# All Years

Year	< -\$100,000	-\$100,000 < x ≤ -\$50,000	-\$50,000 < x ≤ \$0	\$0 < x ≤ \$50,000	\$50,000 < x ≤ \$100,000	> \$100,000
1993	1%	1%	23%	50%	16%	9%
1994	1%	3%	27%	52%	12%	5%
1995	1%	6%	26%	51%	11%	6%
1996	0%	1%	11%	44%	26%	18%
1997	1%	2%	14%	46%	23%	14%
1998	2%	6%	31%	42%	12%	7%
1999	0%	4%	16%	50%	18%	12%
2000	1%	2%	23%	50%	17%	8%
2001	2%	6%	27%	45%	13%	7%
2002	3%	8%	33%	43%	9%	4%
2003	0%	2%	18%	48%	20%	12%
2004	1%	2%	15%	48%	19%	16%
2005	1%	3%	18%	45%	22%	12%
2006	2%	4%	22%	41%	16%	14%
2007	1%	1%	9%	22%	25%	41%
2008	2%	4%	14%	22%	21%	36%
2009	1%	3%	13%	26%	22%	34%
2010	1%	1%	8%	22%	22%	46%
2011	2%	3%	9%	19%	19%	49%
2012	1%	2%	8%	16%	23%	51%
2013	4%	5%	12%	20%	21%	38%
2014	8%	9%	14%	25%	14%	30%
2015	18%	12%	20%	21%	14%	14%
2016	12%	11%	23%	26%	12%	16%
2017	8%	6%	25%	26%	14%	22%

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# Conclusions

- Net farm income has improved by uncertainties remain going forward
- Family living seems to lag NFI changes
  - Improving but some categories could still use some work
  - We may never get back to family living levels (after adjusting for inflation) of the 1990's
    - Think health insurance
- Off farm income certainly helps
  - Big difference among farms

# Questions or comments?

- Gregg Ibendahl
- [ibendahl@ksu.edu](mailto:ibendahl@ksu.edu)
- 785-477-2071
- Twitter: @ibendahl