What Ten Years of Kansas Grain Farm Income Tell Us

Direct payments often made the difference between a profit and a loss.

Gregg Ibendahl

November 2, 2026

In 2024, roughly three in ten grain farms in the Kansas Farm Management Association (KFMA) databank reported a loss. Subtract direct government payments, and that share rises to 50.3%.

That is a substantial difference. For about one farm in five, direct payments were the difference between positive and negative net farm income that year. Yet nearly three in ten still reported a loss with those payments included.

Both facts matter. Government payments provided meaningful income support, but they did not eliminate financial pressure. And a statewide average, by itself, tells us little about which farms were under that pressure.

The figures below examine accrual net farm income for KFMA grain farms from 2016 through 2025. They show the range of outcomes across farms, how those outcomes change when direct payments are subtracted, and how often a consistent group of farms earned a profit over the decade. These are reported financial results, not forecasts.

Throughout this article, "profitable" means positive accrual net farm income. That is an important measure of business performance, but it is not the same as cash available for family living, principal payments, or new investment. Nor does a positive number, by itself, establish that the return adequately compensates the family's labor, management, and capital.

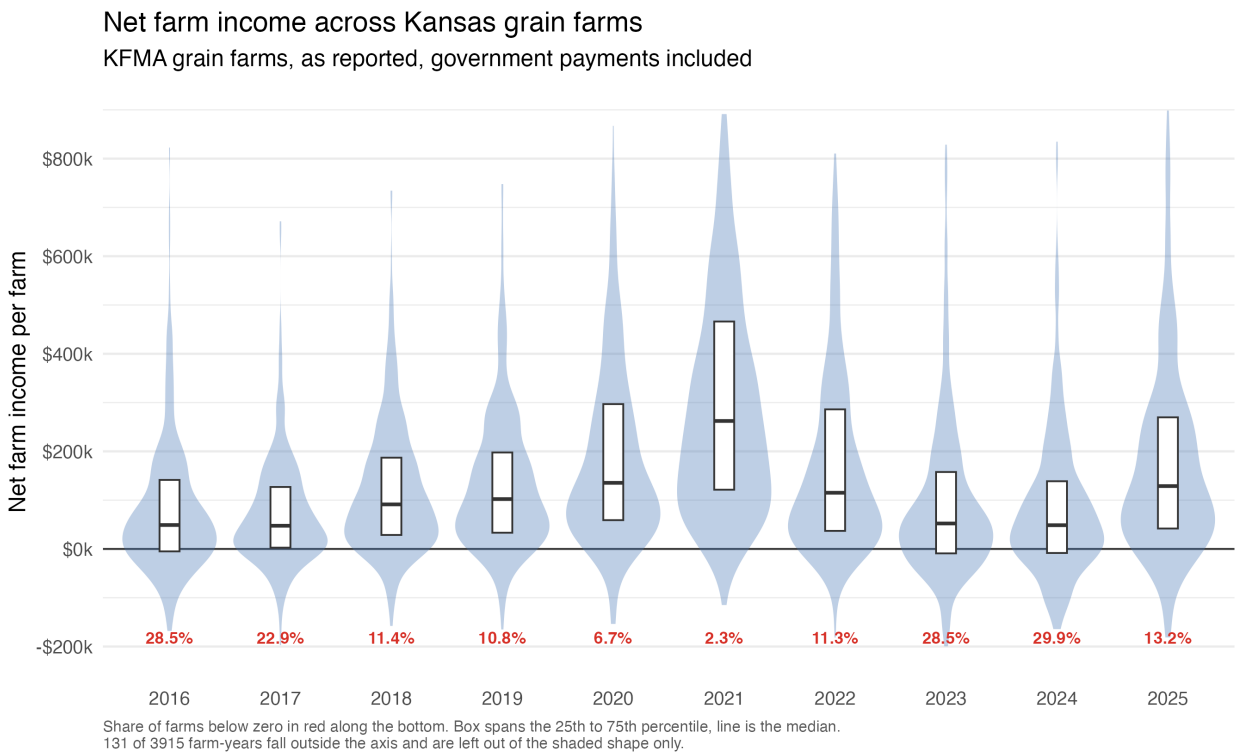


Figure 1: Net farm income across Kansas grain farms

1 A good average does not mean a good year for every farm

Figure 1. Net farm income varies widely across farms, especially in strong years

Each shape in Figure 1 represents one year. The wider portions show where more farms' incomes were concentrated. The white box contains the middle half of farms, and the line inside it marks the median: half the farms earned more and half earned less. The horizontal zero line separates profits from losses. The red percentage below each year shows the share reporting a loss. Some extreme incomes fall outside the displayed range and are omitted from the shaded shapes only: 131 of 3,915 farm-year observations in Figure 1 and 157 in Figure 2. The visible tails therefore do not show the full range of results.

Strong years do more than raise the typical farm's income. They also widen the range of outcomes. The box for 2021 is more than twice as tall as the box for 2017. In weaker years, the middle half of the distribution generally compresses and moves closer to—or below—zero.

The long upper tails are also important. **Average income exceeds median income in all ten years.** A relatively small number of farms with high dollar incomes pull the average above the result for the farm in the middle.

These are whole-farm dollar amounts, so differences in farm size contribute to the spread. A larger income does not necessarily mean a higher return per acre or a more efficient operation. Neither the average nor the median should serve as a performance target without considering size, resources, and the type of operation.

For farmers comparing their results with a published benchmark, the practical question is: *How similar are the farms behind that number to my own?* For lenders, the distribution provides context that an average cannot.

2 The share reporting losses deserves attention

The percentage of farms with negative net farm income ranged from 2.3% in 2021 to 29.9% in 2024. That is roughly one farm in forty in the strongest year and three in ten in the weakest. More than a quarter reported losses in 2016, 2023, and 2024.

Those percentages count operations, giving each farm equal weight. They tell a different story from total income or average income, both of which can be influenced heavily by a smaller number of high-income farms.

A loss in one year does not necessarily threaten a farm's future. The consequences depend on the size of the loss, available working capital, debt obligations, and the earnings that follow. Repeated losses are more concerning because they leave less opportunity to rebuild financial reserves.

The weak results in 2023 and 2024 therefore deserve particular attention. The annual distributions alone cannot tell us whether the same farms lost money in both years. We return to that question below using farms with a complete ten-year record.

3 What changes when direct payments are removed?

Figure 2. Subtracting direct government payments puts more farms below zero

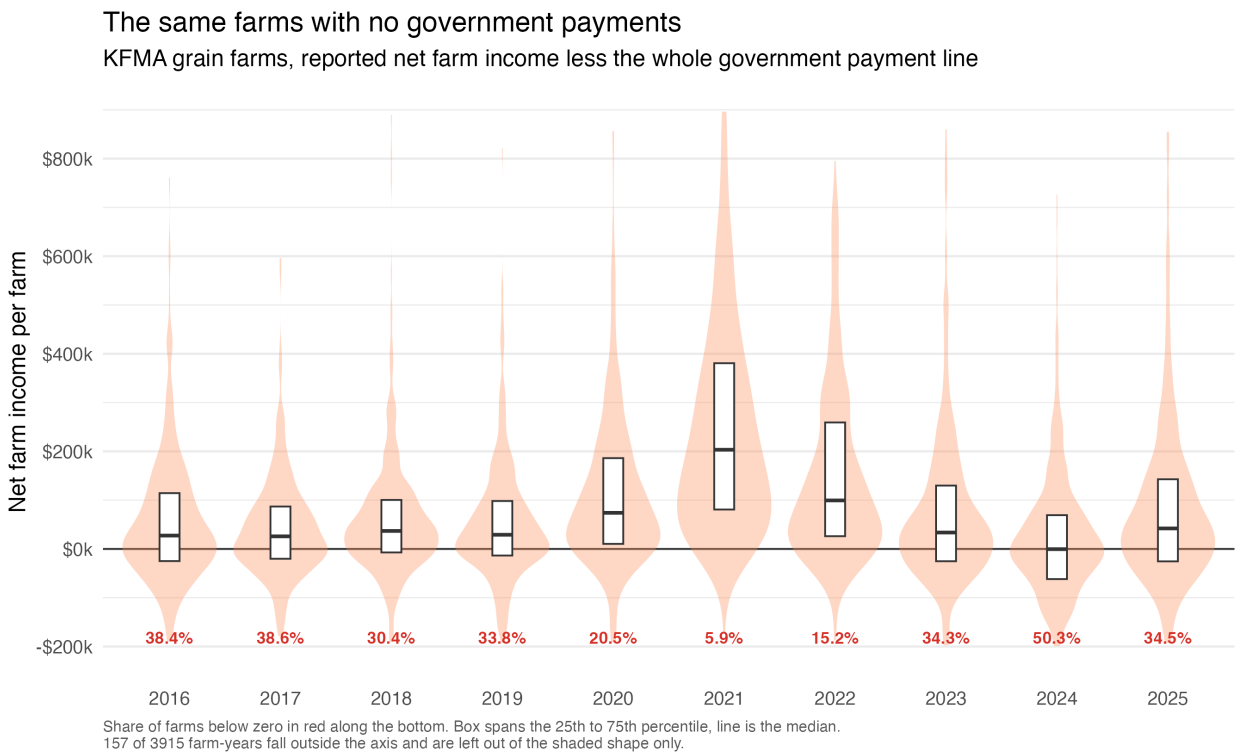


Figure 2: Net farm income with no government payments

Figure 2 subtracts the direct government payment line from each farm's income statement. It includes payments from commodity, disaster, and conservation programs. The scale is the same as in Figure 1, making the two figures directly comparable.

This is an accounting comparison: all other income and expenses remain unchanged. Crop insurance indemnities remain in income. For that reason, the result is best described as **net farm income excluding direct government payments**, rather than income earned entirely without public support.

The share of farms reporting losses increases in every year and more than doubles in five of the ten years. In 2024, the median falls close to zero, and the share with negative income rises from 29.9% to 50.3%.

Regional results also differ. In 2025, subtracting payments more than triples the share of western Kansas farms reporting losses, while the eastern share roughly doubles. Those are changes relative to each region's starting point, not measures of the dollar benefit per farm. Western Kansas also accounts for a smaller portion of the membership, so its percentages warrant more caution.

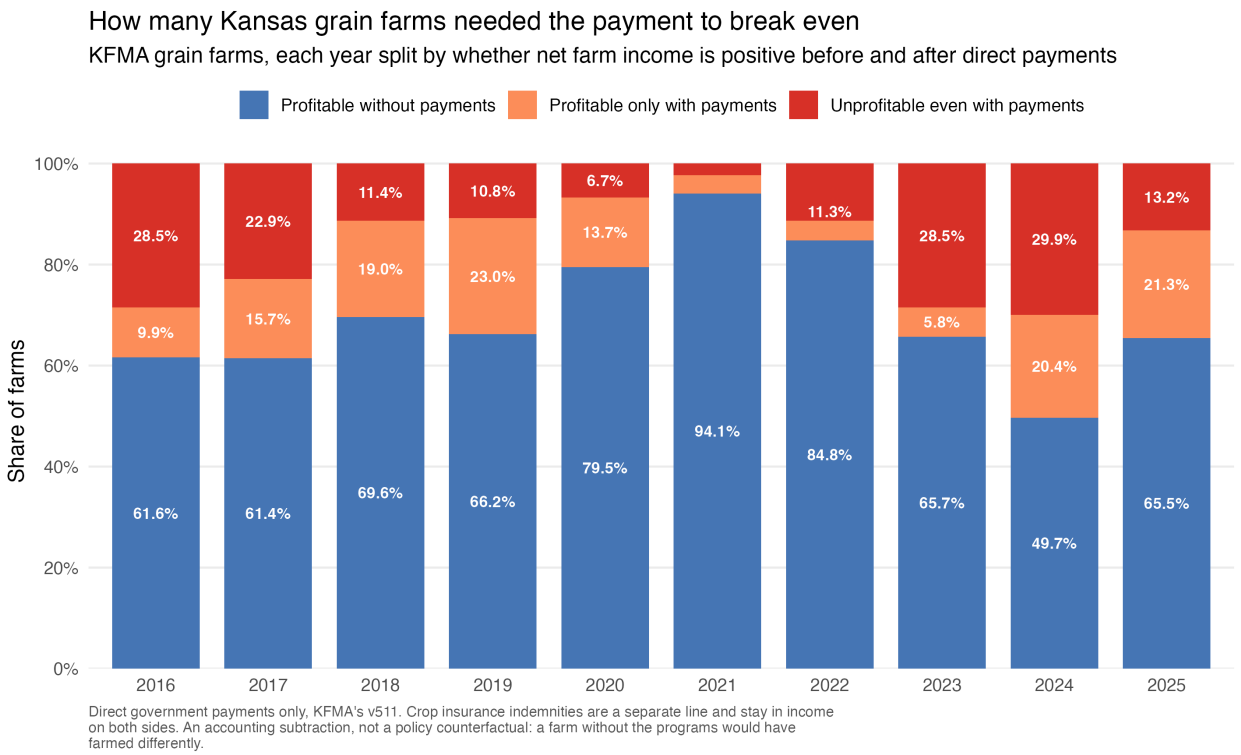


Figure 3: Share of farms profitable before and after payments

4 Payments made the difference for about one farm in five in 2024

Figure 3. Three groups show where payments changed the profit-or-loss result

Figure 3 separates farms into three groups. Blue identifies farms with positive income even after direct payments are subtracted. Orange identifies farms whose payments were enough to turn a loss into a profit. Red identifies farms that reported a loss with payments included.

The orange group was less than 4% of farms in 2021 but reached 23.0% in 2019, 20.4% in 2024, and 21.3% in 2025. In 2024, just 49.7% of farms had positive income excluding payments—the only year in the decade when that share fell below half.

The 2025 results add an important perspective. The share reporting losses with payments included fell from 29.9% to 13.2%. Yet 34.5% still had negative income when payments were subtracted. Reported profitability improved substantially, while direct payments continued to make the difference for more than one farm in five.

The red group tells an equally important story. Payments roughly tripled between 2023 and 2024, but the share reporting losses after payments changed little. That does not mean the additional money had no value. It means that a payment can substantially reduce a loss without moving the farm above zero.

For example, a $50,000 payment would turn a $30,000 loss into a $20,000 profit. The same payment against a $200,000 loss would leave a $150,000 loss. Both farms benefit, but only one changes categories in Figure 3.

The figure measures how often payments crossed the profit threshold. It does not measure the entire financial benefit of those payments, and comparisons between years also reflect changes in earnings and the farms reporting.

5 Payment size and financial need are different things

For farms with losses before direct payments, another useful measure is the payment divided by the size of the loss. A ratio below one means the payment covers only part of the loss. A ratio above one means it is sufficient to produce positive net farm income.

In 2019 and 2020, the median ratio for these farms exceeded 1.5, and roughly two-thirds finished with positive income after payments. In 2023, the median ratio was about 0.25, and fewer than one in five moved into positive income. Deeper losses and smaller payments combined to leave a much larger uncovered shortfall that year.

This comparison illustrates a limitation of relying on program payments as a financial cushion: **the amount received need not rise with an individual farm's loss.** The results do not establish that support was unnecessary in other years; they show that coverage of losses varied considerably.

Sorting farms into five groups by income excluding payments reinforces that point. Payments per crop acre were fairly similar across the groups, with the lowest-income group receiving slightly more per acre than the highest. All five groups were within about 15% of one another. Differences in farm size help explain why total dollars received varied more than payments per acre.

The analysis also finds a wider spread in dollar incomes with payments included. That is consistent with larger farms receiving larger total payments, but it does not, by itself, establish the effect on income per acre or rates of return.

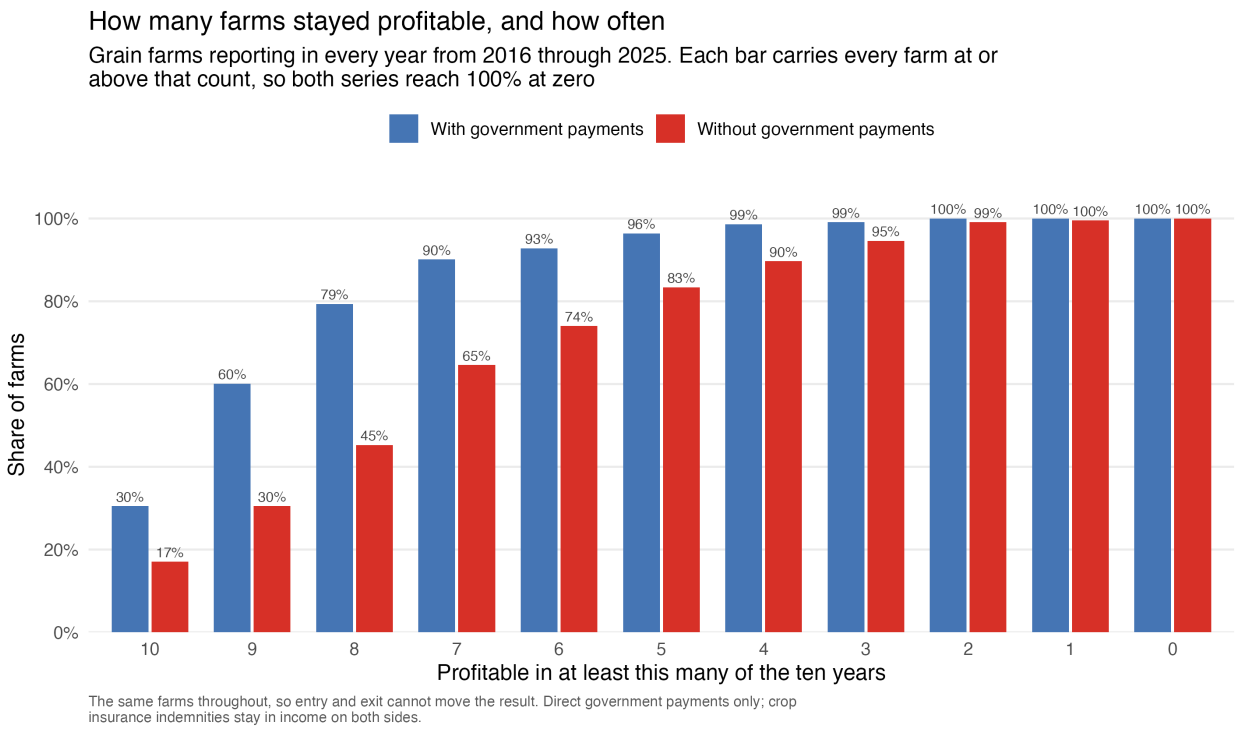


Figure 4: Profitable years out of ten, with and without payments

For planning purposes, the distinction is straightforward. A program may support farm income broadly without providing enough assistance to cover the losses of a particular operation.

6 Following the same farms across the decade

The first three figures include the grain farms reporting in each year. Membership changes, so those are not identical groups of farms.

A little under half of the grain farms reporting in 2025 had complete records back to 2016. Following that group lets us ask how consistently the same operations reported positive income.

Figure 4. Payments increased the share profitable in at least eight years from under half to about four in five

Each bar in Figure 4 shows the share profitable in *at least* the indicated number of years. At eight years, for example, the bar includes farms profitable in eight, nine, or all ten years.

With direct payments included, 79% of farms reported positive income in at least eight years. Excluding payments, that share falls to 45%—a difference of 34 percentage points. At nine years, the comparison is 60% with payments and 30% without them.

Thirty percent reported positive income in all ten years with payments included, compared with 17% excluding payments. The rounded percentages in Figure 4 imply that payments added about 1.4 profitable years per farm on average over the decade. That average describes the group; the effect on any individual farm could be larger or smaller.

Payments also changed the frequency of consecutive losses. With payments included, about a quarter of these farms had at least two losing years in a row, and fewer than one in ten had three. Excluding payments, more than half had back-to-back losses, and more than a quarter had three consecutive losses.

For a farmer or lender, that persistence matters. Several losses in succession can reduce liquidity and constrain borrowing or investment. The figures do not tell us which farms would have sold assets or exited, but they show how much more frequently sustained losses appear when direct payments are removed.

7 Keep the accounting and the sample in view

These results need four qualifications.

First, subtracting payments is not a forecast of farming without the programs. Over time, changes in support could affect production, insurance choices, rents, and other costs. This exercise holds those responses constant and isolates the payment line on the existing income statement.

Second, crop insurance indemnities remain in both versions of income. Premium subsidies are not removed by subtracting direct payments. The figures therefore do not measure the full contribution of public support.

Third, KFMA members are a voluntary group, not a random sample of all Kansas farms. Member farms tend to be larger and have more detailed financial records. Membership grew by more than half over the decade. The continuous-record group avoids annual membership changes, but it represents farms that remained in the records throughout the period; it cannot tell us the experience of farms that left. The percentages in this article describe the farms studied, not every Kansas grain farm.

Finally, accrual income and cash flow can move differently. Net farm income includes inventory adjustments. Grain carried into 2023 was revalued downward as prices fell, and the change in that adjustment between 2022 and 2023 exceeded the decline in average net farm income. That adjustment reflects a real change in the value of grain owned, but it is not necessarily a cash outflow in the same year.

8 What farmers and lenders can take from this

The decade shows that direct payments contributed substantially to both annual profitability and the consistency of earnings among these Kansas grain farms. In 2024, they moved about one farm in five from a loss to a profit. Among farms with complete records, they reduced the frequency of consecutive losses considerably.

It also shows why a positive statewide average is insufficient evidence of financial strength at the farm level. The median farm, the farms in the bottom quarter, and the highest-income operations can have very different experiences in the same year.

For farmers, a useful review puts reported net farm income beside income excluding direct payments, then connects both to cash flow, working capital, and debt commitments. That makes clear how much of the year's result depended on payments and how much room the business has to absorb another difficult year.

For lenders, the same comparison helps distinguish recurring earning capacity from support that may vary in amount and timing. Loan analysis still needs the individual farm's balance sheet, repayment schedule, inventory position, and operating outlook. A count of profitable years is useful context, but it cannot replace those details.

The planning question is not simply whether the farm made money last year. It is whether its earnings and financial reserves can carry it through the next period of weak returns—and how much that answer depends on payments.

9 Contact

Kansas State University - Department of Agricultural Economics
AgManager.info

email: ibendahl@ksu.edu
YouTube: https://www.youtube.com/@little_pond_farm
Substack: https://agricultural.substack.com
Facebook: https://www.facebook.com/farmingecon