

# Kansas Financial Situation: A Distributional Analysis

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ALLEN M. FEATHERSTONE  
KANSAS STATE UNIVERSITY



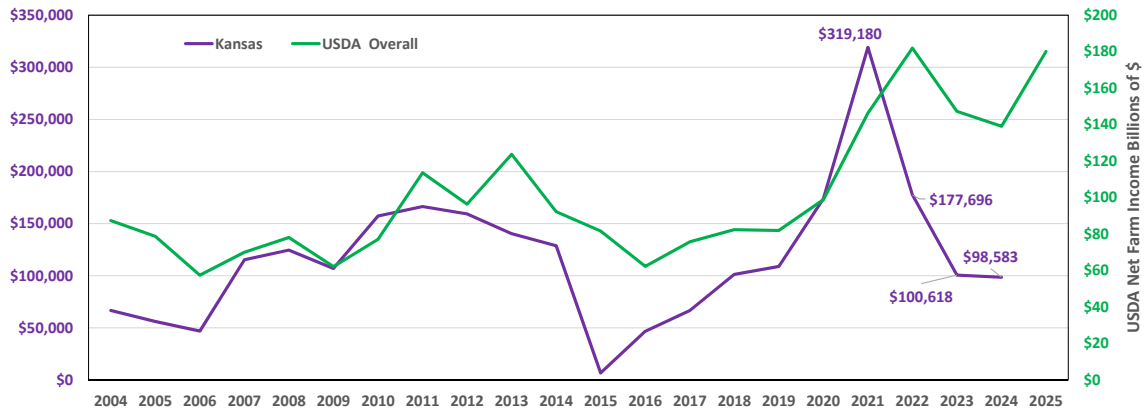
## Introduction

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- ❖ A declining 2024 farm economy with a further decline in 2025
- ❖ Net farm income (501 farms over the last 4 years)
- ❖ Financial Situation
  - ❖ Probability of Default
  - ❖ Debt to Asset Ratio
  - ❖ Working Capital Position
  - ❖ Capital Debt Repayment Capacity
- ❖ Situation without the ECAP payments

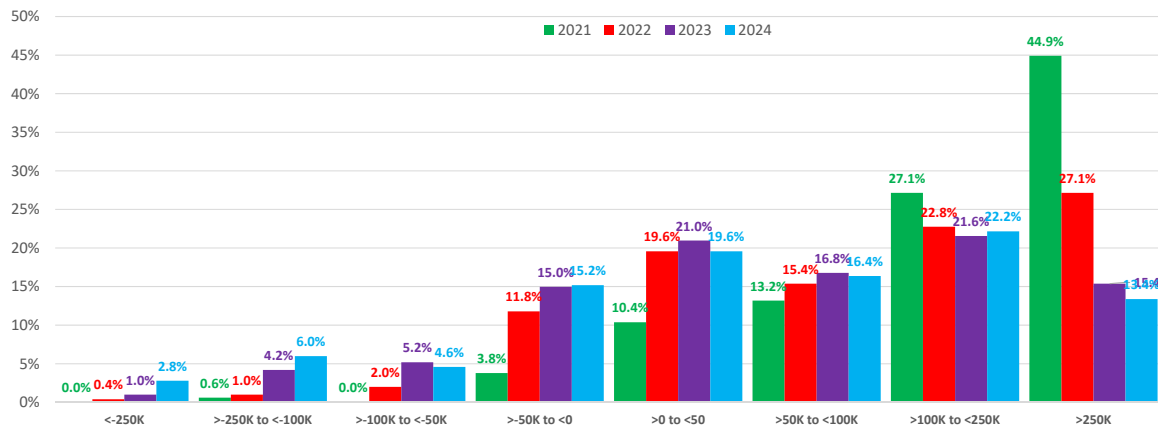


# Net Farm Income – Kansas Farm Management and Aggregate U.S.



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## Distribution of 2021, 2022, 2023, and 2024 Net Farm Income



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# Net Farm Income

Income Level	2021	2022	2023	2024
Negative NFI	4.4%	15.2%	25.3%	28.5%
NFI < \$50,000	14.8%	34.7%	46.3%	48.1%

Only 6 farms had negative NFI for all 4 years (1.2%)

253 farms had positive NFI for all 4 years (50.5%)



# KFMA Average Net Farm Income and Government Payments

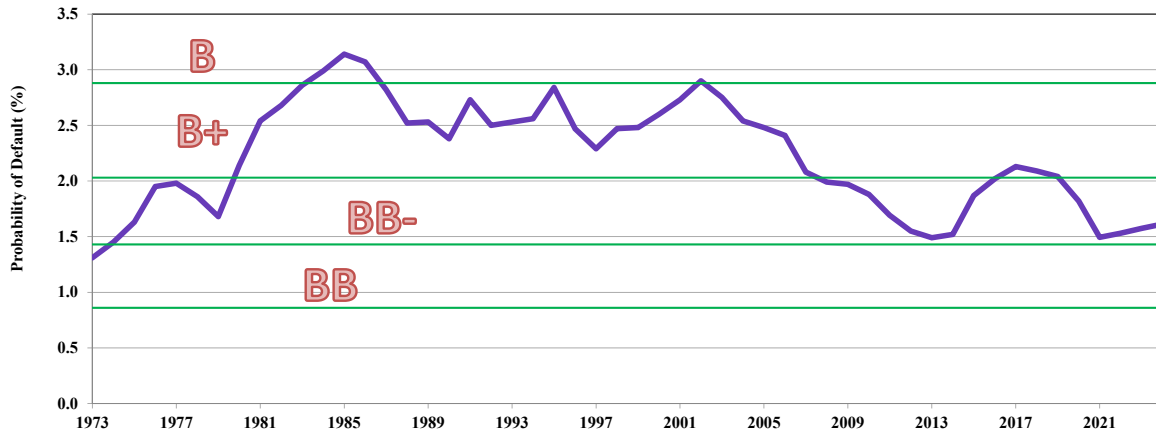
	2021	2022	2023	2024
Net Farm Income	\$339,970	\$201,937	\$106,931	\$99,087
Government Payments	\$58,238	\$23,128	\$22,077	\$65,014
Government Payments as a Percent of Income	17.1%	11.5%	20.6%	65.6%
Net Crop Insurance	-\$9,015	\$106,880	\$78,392	\$21,884

Sample size is 501 farms with 2021 to 2024 continuous data

Government Payments are important as a percentage of income for farms



## Default Risk for KFMA farms 1973 through 2024

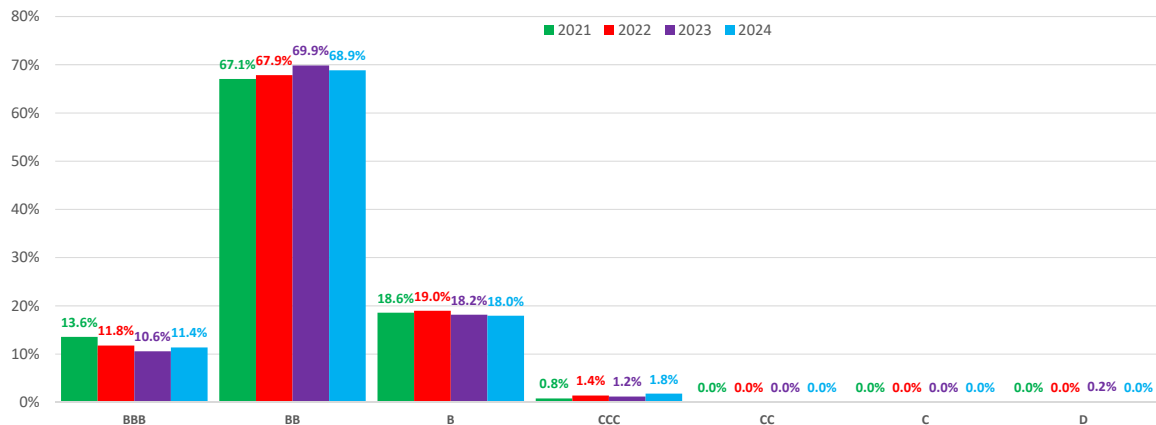


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## Distribution of 2021, 2022, 2023, and 2024 Default Risk



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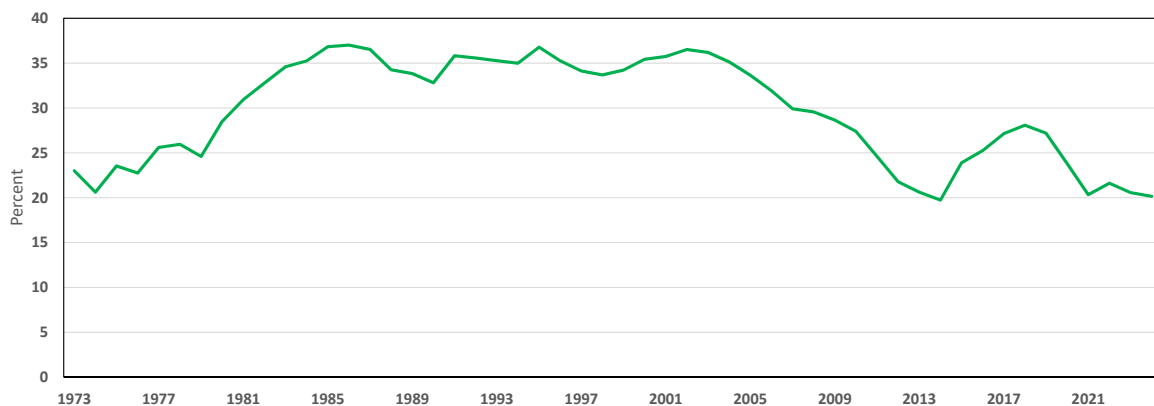
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# Default Risk and Debt at Risk

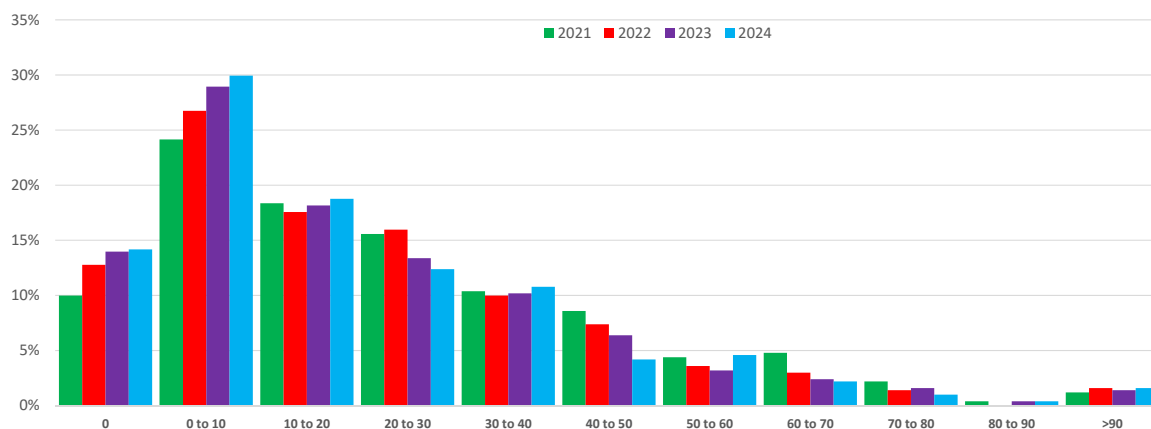
Income Level	2021	2022	2023	2024
Default Probability	1.47%	1.50%	1.53%	1.57%
Debt at Risk (per farm)	\$13,492	\$13,681	\$15,420	\$17,434



## KFMA Farms Debt to Asset Ratio



# Distribution of 2021, 2022, 2023, and 2024 Leverage

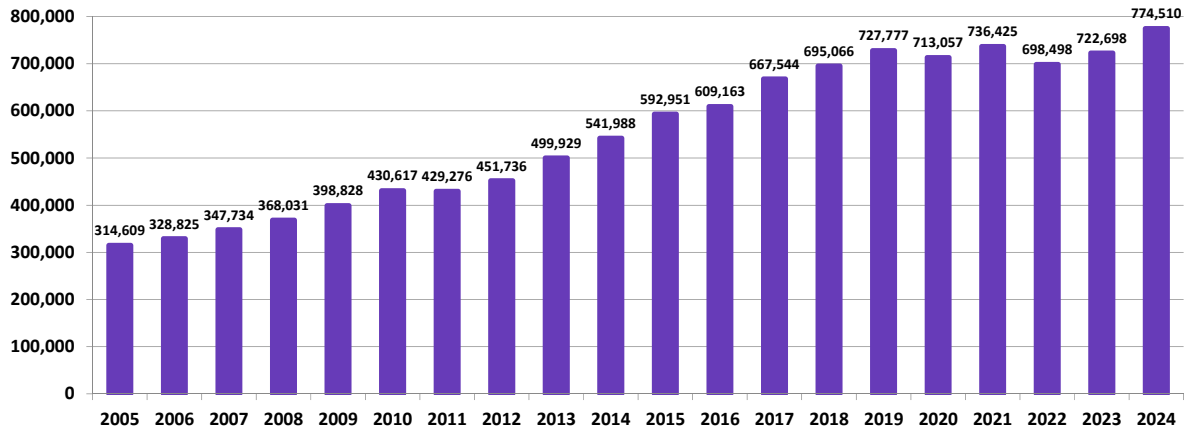


## Leverage (D/A) Situation

Income Level	2021	2022	2023	2024
Average	23.5%	21.1%	19.8%	19.4%
> 40%	21.6%	12.0%	15.4%	14.0%
> 70%	3.8%	3.0%	3.4%	3.0%



## KFMA Debt Level per Farm

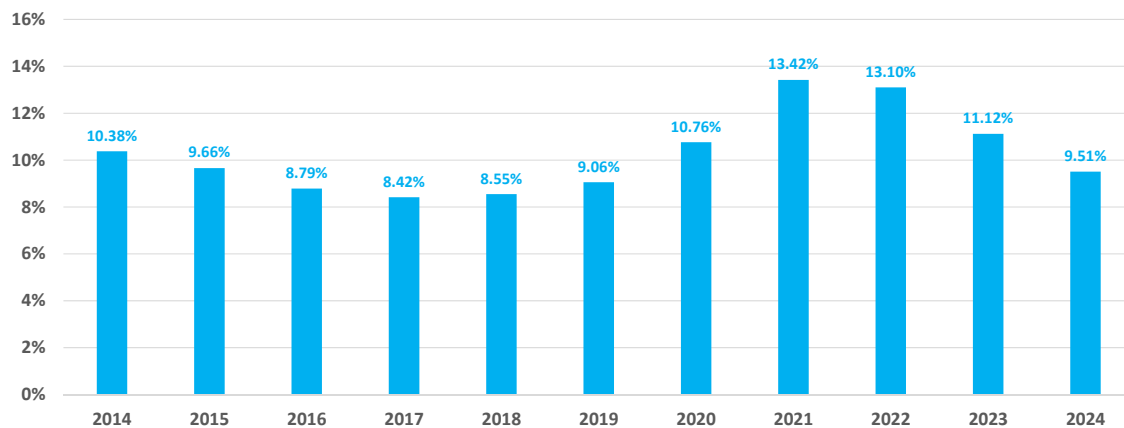


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## KFMA Farms Working Capital to Asset Ratio

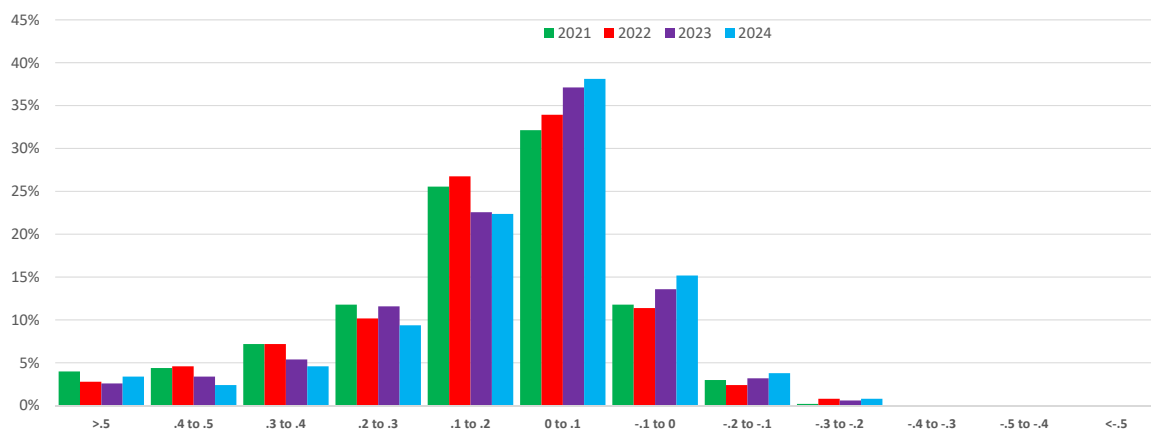


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# Distribution of 2021, 2022, 2023, and 2024 Working Capital to Assets



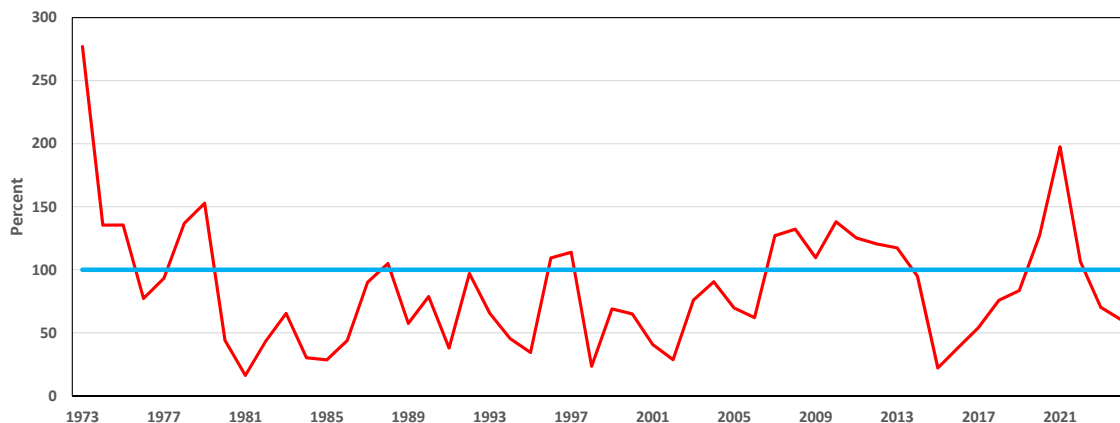
## Liquidity (WC/A) Situation

Income Level	2021	2022	2023	2024
Average	14.1%	13.3%	11.0%	9.6%
< 0%	15.0%	14.6%	17.4%	19.8%
> 20%	27.3%	24.8%	23.0%	19.8%



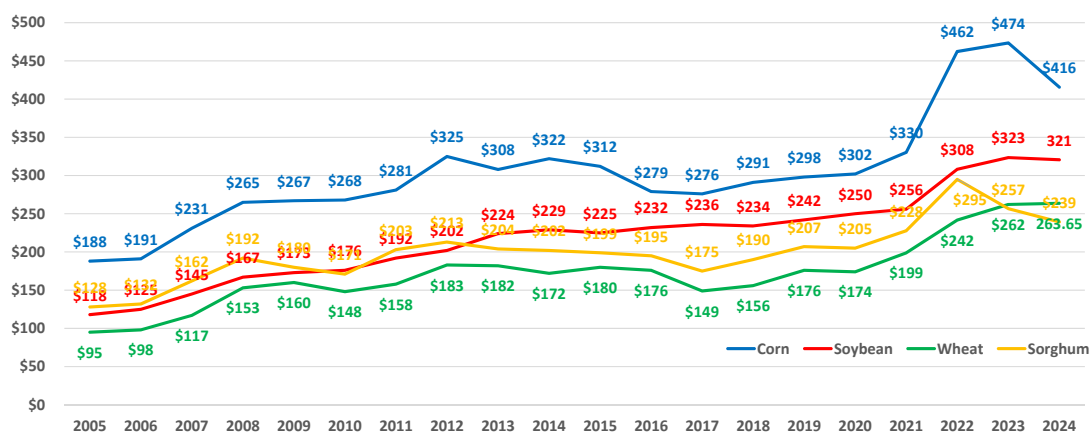


# KFMA Farms Repayment Capacity



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# KFMA Enterprise Non-Irrigated Variable Cost of Production per Acre



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## Input Cost Changes (2024 vs 5-year Average)

Category	Corn	Sorghum	Soybean	Wheat
Seed	18.2%	8.4%	10.2%	27.3%
Crop Insurance	8.5%	13.7%	16.7%	26.9%
Fertilizer	26.7%	-22.9%	58.8%	36.5%
Machine Hire	-19.7%	-20.8%	-0.4%	-9.1%
Miscellaneous	-39.8%	141.9%	0.0%	102.2%
Cash Rent	13.3%	53.2%	29.4%	22.8%
Pesticide	11.2%	11.0%	16.7%	34.3%
Total Variable	18.0%	3.6%	17.6%	27.3%



## Crop Insurance – Corn Contract Price



<https://www.ag360insurance.com/crop-insurance-pricing/>

— Base Price — Harvest Price



# Crop Insurance – Soybean Contract Price



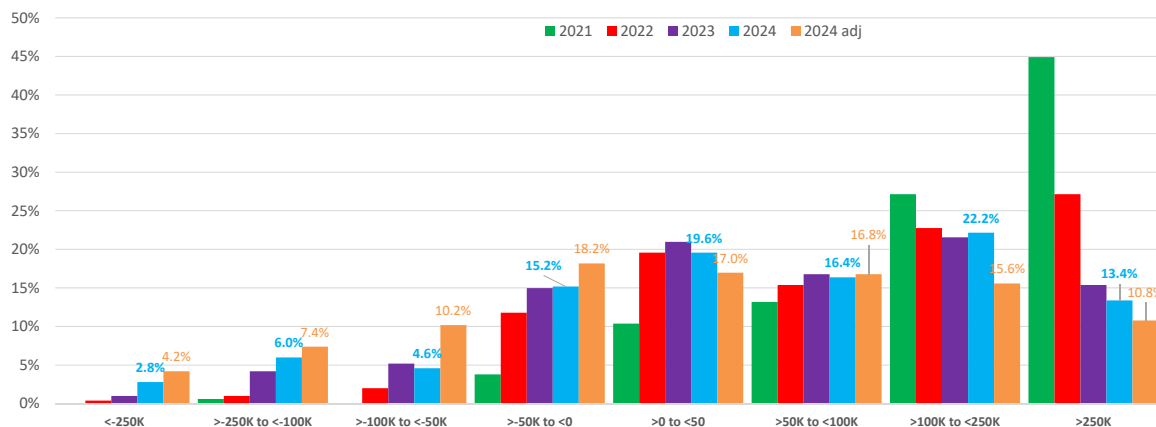
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# Crop Insurance – Wheat Contract Price



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# Distribution of 2021, 2022, 2023, and 2024 Net Farm Income



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## Net Farm Income

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Negative NFI	4.4%	15.2%	25.3%	28.5%	39.9%
NFI < \$50,000	14.8%	34.7%	46.3%	48.1%	56.9%



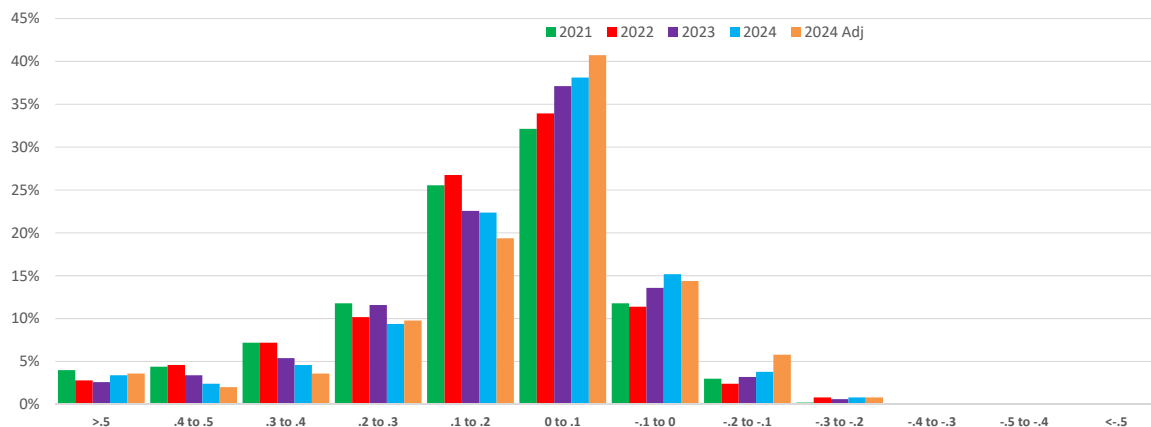
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# KFMA Average Net Farm Income and Government Payments

	2021	2022	2023	2024	2024 Adj
Net Farm Income	\$339,970	\$201,937	\$106,931	\$99,087	\$57,105
Government Payments	\$58,238	\$23,128	\$22,077	\$65,014	\$23,033
Government Payments as a Percent of Income	17.1%	11.5%	20.6%	65.6%	40.3%
Net Crop Insurance	-\$9,015	\$106,880	\$78,392	\$21,884	\$21,884



# Distribution of 2021, 2022, 2023, and 2024 Working Capital



## Liquidity (WC/A) Situation

Income Level	2021	2022	2023	2024	2024 Adj
Average	14.1%	13.3%	11.0%	9.6%	8.2%
< 0%	15.0%	14.6%	17.4%	19.8%	21.0%
> 20%	27.3%	24.8%	23.0%	19.8%	19.0%



## Concluding thoughts

- The financial stability of the sector declined in 2024
- Further declines are likely in 2025
- ECAP was important in shoring up the accrual financial statements in 2024
- Situation will be different in 2025 even with additional government support
- The key to financial health will rest on agricultural land values
- The lower tail of financial situations will be key
- Other buyers of farmer assets are farmers



Allen Featherstone  
[afeather@ksu.edu](mailto:afeather@ksu.edu)

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