

Farming by the Numbers:

Land Values and Rental Rates, Custom Rates, Farm Management Production Budgets, Payment Maps and Decision Tools for Kansas Farmers

The Situation

Producers in Kansas are facing more difficult times with continued lower crop and livestock prices, greater difficulty in managing existing debt as well as obtaining financing for operating capital and purchases of land and machinery, and managing input and machinery costs. This is all in addition to making decisions about growth and succession of the farm business. In order to make these decisions, information is needed regarding the direction of land values and rental rates, costs of operating machinery, and the relative profitability of various enterprises.

What We Did

A comprehensive publication showing what tenants can afford to pay for land rent by county was released in February, 2018 by Dr. Mykel Taylor on the AgManager.info site for both irrigated and non-irrigated land. Leasing presentations were also made at more than 20 venues across the state, including several Women in Ag meetings, to more than 300 persons.

Dr. Taylor presented a webinar in April, 2018 in conjunction with the release of her publication “2017 Kansas Land Values” on AgManager.info, and a few weeks later, Dr. Allen Featherstone provided an explanation of Kansas’ property tax system for 132 participants, many of them landowners wondering why property taxes are increasing at time when farm income is low.

The farm management production budgets were created and posted on the AgManager.info website in October to allow producers and lenders to evaluate the profitability of various crop and livestock enterprises. These guides are created for each of six regions in the state.

K-State also provides information on custom machinery rates via a biennial survey. This is supplemented with additional research and analysis in the years when the survey does not take place to provide estimated values for those years. Other numbers provided by K-State include livestock feeding margins for feedlots and monthly grain supply and demand estimates.

Interactive maps with estimated government payments from the ARC program were created monthly using USDA yields and K-State estimated prices, to provide firmer values for lenders and producers for planning cash flow. There are also more than 50 decision tools available on the AgManager.info website, most of them in the form of Excel spreadsheets. Finally, at least 12 workshops were conducted using QuickBooks or Excel, to help participants better track financial and production information for their operation, with more than 100 participants.

Kansas State University Agricultural Experiment Station and Cooperative Extension Service

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Outcomes

During the 2017-2018 program year, the land rental rates page on AgManager.info had 23,339 views, the most of any page on the site. The rental rates publication had 11,129, nearly 1,000 per month. The topic of leasing and rental rates is one of the most sought-after types of information for the entire KSRE system, with county agents having questions about this throughout the year. There are increasing numbers of off-farm heirs, many out-of-county, or even out-of-state, who are looking for this information.

Another important and well-used segment of the AgManager.info site is the national and Kansas estimated ARC payments. Farmers and lenders utilize this information to get an idea of how much the annual October payment will be, in order to better plan financially for the year. The main page had 15,371 visits during the programming year, while the Kansas map had an additional 5,584 visits and the national map had 9,851 visits.

The custom rates page had 12,638 views for the same period. This information is used by farmers who do custom work, by landlords who custom hire some or all of their operations, as well as by analysts, consultants and researchers in estimating costs of production for various enterprises.

There were 324 participants in the live webinar on land values in Kansas, and over 300 more views of the video later. The publication had 8,282 views online. Farmers looking to purchase land, owners considering selling land, as well as lenders who are trying to determine the appropriate value of land for use in financial statements are among those who utilize this information extensively.

The farm management budgets, which include non-irrigated crops, irrigated crops, and livestock on three separate pages, had 24,771 views by users of the AgManager.info site. The most utilized part is the non-irrigated crops, which are more risky than other enterprises, particularly in 2018 with the drought which affected much of the state. These budgets were viewed 8,877 times.

Producers marketing grain, as well as lenders seeking to understand the grain markets, used the graphs and spreadsheets posted showing the monthly U.S. supply and demand value for wheat, corn, grain sorghum and soybeans. More than 20,000 people visited the main page for this information during the year, with additional visits to the 54 graphs and 4 spreadsheets on that page.

Success Story

Livestock marketing specialist Glynn Tonsor produces a monthly report on the economic returns to feeding cattle. Following his November 2017 report, the following email was received from an east-central Kansas producer:

"It is very helpful that you include the fat futures price and basis. This allows me to easily update your report for the current futures price. I constantly compare the projected profitability for selling Feeder Cattle with retaining ownership. Normally it gives a \$20-40/hd nod to selling feeders. With the market turmoil over the last few weeks, it is a very close call for retaining ownership, with a slight nod for retaining ownership. I will probably continue to sell feeders because of the time of year. One is at risk (especially if one hedges the fats) of a blizzard driving up both the price of fat cattle and COG. This risk should already be reflected in futures prices, but sometimes cattle feeders wear rose colored glasses, and this wears on their judgment. Thank you."

An email from a Kansas lender who was seeking information about the ARC payments expected to be received by farmers noted this:

“K-State is the only place I know who has any numbers like this. I can’t get any information from USDA, or from any of the farm consultants I know. Everyone I asked about it said to go to the K-State website. Thanks for making this available. It is essential information”.

Comments from a farmer at the Risk and Profit Conference:

“I found out land values are going to drop so don’t buy ground just yet. This sure helps me in making decisions. K-State’s info on land values and leasing prices is great. And the AgManager site is essential to my operation.”

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