Rural & Farm Finance
Policy Analysis Center
University of Missouri

SPRING 2026 FARM INCOME OUTLOOK FOR KANSAS

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RaFF Report 2026-02

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Kansas State
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AgManager.info




The Goal of this Report

In February 2026, the U.S. Department of Agriculture (USDA)'s Economic Research Service (ERS) updated state-level farm income estimates through calendar year 2024 and released national farm income projections for calendar years 2025 and 2026. In March 2026, the Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU) also released national farm income projections for calendar years 2025 through 2035 (FAPRI-MU 2026). The present report published by the Rural and Farm Finance Policy Analysis Center (RaFF) provides an updated outlook for Kansas farm income in calendar years 2025 and 2026, as well as preliminary projections for 2027. It intends to inform policymakers, industry analysts, and agricultural practitioners about the state agricultural sector's expected profitability and its main drivers.

Methods Used to Develop the Outlook

The RaFF Farm Income Model consists of a collection of equations calibrated using historical data from the USDA's ERS, Risk Management Agency, and Farm Service Agency. RaFF's state-level forecasts are obtained by feeding national and regional projections from FAPRI-MU (2026) to the RaFF model. Published results incorporate adjustments based on expert insights from agricultural economists at Kansas State University (K-State).

How Farm Income is Measured

Following the ERS methodology (USDA/ERS 2026a), net cash farm income is calculated based on cash receipts, government payments, and insurance indemnities minus cash expenses in the calendar year when the cash flows occur. Net cash farm income is adjusted by non-cash income, non-cash expenses, and changes in inventory values to obtain the net farm income (NFI) measure.

National Farm Income Trends

In February 2026, USDA-ERS projected that U.S. net farm income (NFI) would decline 0.7% in nominal terms from 2025 levels to $153.38 billion, while remaining above long-term averages (USDA/ERS 2026). The overall stability in NFI masks shifts in its composition. A $13.80 billion increase in direct government payments—rising to $44.34 billion—is the primary factor preventing a larger decline in income. These payments, including higher Price Loss Coverage (PLC) support and continued supplemental and disaster assistance, account for roughly 29% of projected NFI in 2026.

Market receipts provide a more mixed contribution. Total cash receipts are projected to decline by $14.24 billion relative to 2025, driven by a $17.02 billion reduction in receipts from animals and

animal products, and partially offset by a $2.77 billion increase in crop receipts. Within crops, higher corn receipts—supported by increased marketings—contrast with relatively flat soybean receipts and lower wheat receipts. For livestock, declining receipts are concentrated in the dairy and poultry sectors, with milk receipts projected to fall by over $6 billion and egg receipts declining more than $17 billion as prices return to historic levels. In contrast, cattle and calf receipts are expected to increase, supported by tight inventories and historically high prices, but not enough to offset broader livestock sector declines.

On the cost side, total production expenses are projected to increase by approximately $4.56 billion in 2026. Higher livestock and poultry purchase costs are a key driver of this increase, while feed costs are expected to decline modestly. At the same time, structural cost pressures persist. Labor expenses, net rent to landlords, and interest costs continue to rise, contributing to a cost environment that remains historically elevated even as some input prices stabilize. These cost increases partially offset the support provided by government payments and contribute to tighter operating margins across much of the sector.

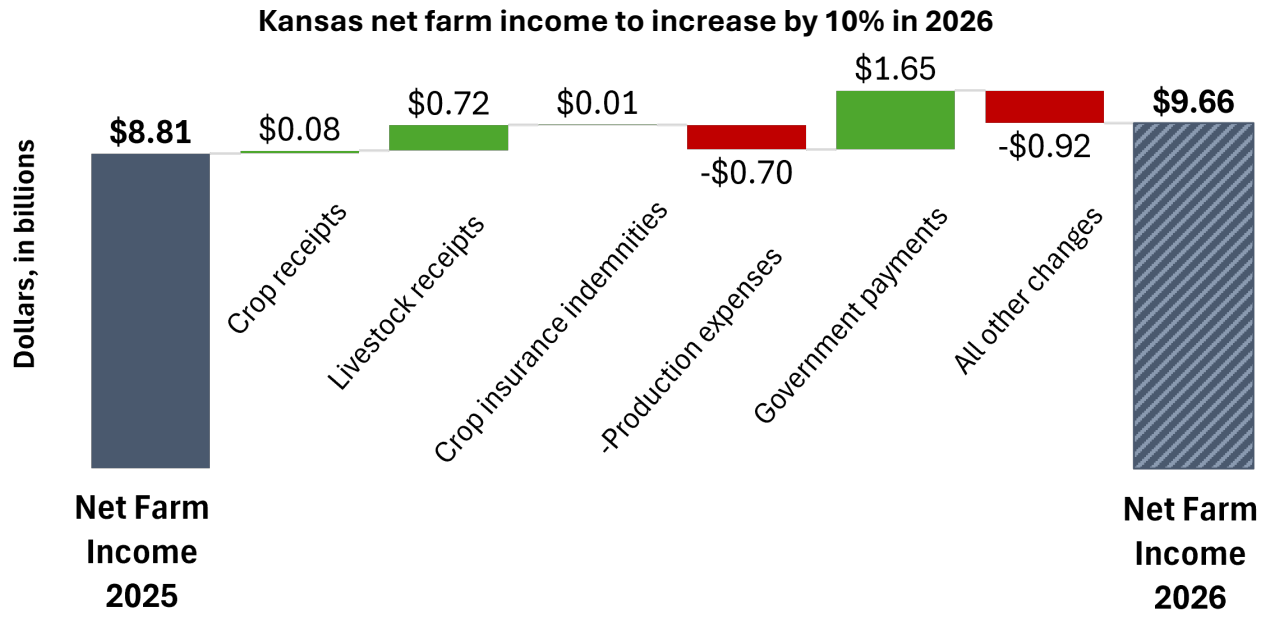
Overall, the 2026 farm income outlook reflects a shift away from broad-based market-driven gains toward increased reliance on policy support. While crop receipts show limited improvement and aggregate livestock receipts weaken, rising production costs continue to constrain profitability. In this context, direct government payments emerge as the central stabilizing force, offsetting declines in market income and sustaining NFI at levels that would otherwise be significantly lower. The implication is that, although aggregate farm income remains relatively strong in historical perspective, producers may be experiencing tighter margins and greater financial stress in 2026 than average income figures alone would suggest.

The FAPRI-MU (2026) projections, published in March but finalized in January 2026, are similar to those of the USDA/ERS (2026b), although the national NFI is forecast to decline 1.5% to $152.29 billion in 2026 before declining again by 14% to $130.71 billion in 2027. A 42% reduction in direct government payments and a 2% increase in costs are the main factors behind the projected deterioration of NFI in 2027.

The present Farm Income Outlook for Kansas by RaFF incorporates information from USDA/ERS (2026b) and FAPRI-MU (2026). As a consequence of the ongoing conflict between the U.S. and Iran, the present report assumes that fertilizer costs will be 5% higher in 2026 than originally projected using FAPRI-MU baseline data (assuming, in turn, that 80% of the fertilizer needs for the 2026 crops has already been purchased by farmers) and that they will be 10% above baseline levels in 2027, before returning to baseline levels from 2028 forward. Additionally, this report assumes that fuel and oil costs will be 35% and 15% higher than the FAPRI-MU baseline in 2026 and 2027, respectively, before returning to baseline levels from 2028 onwards.

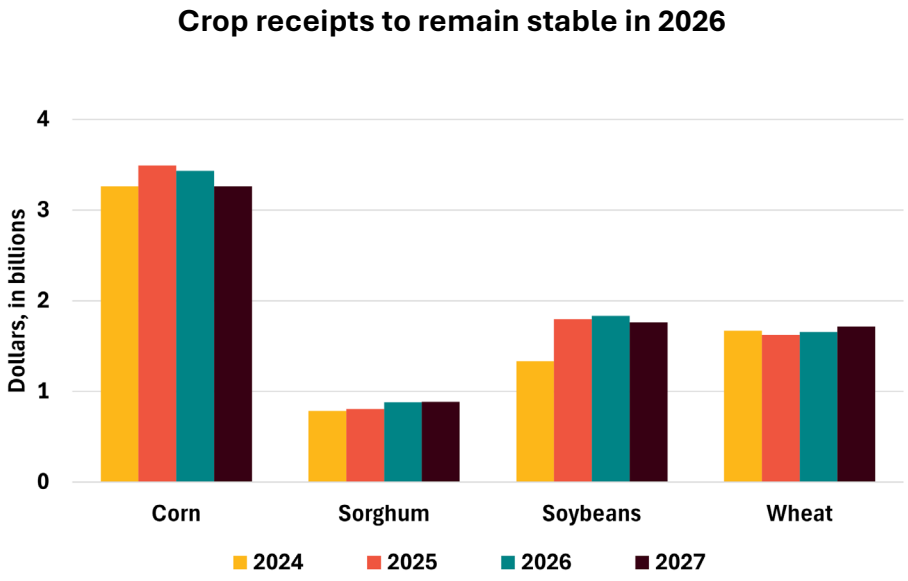
Kansas Farm Income in 2026

RaFF and collaborators at K-State project Kansas NFI to increase by 10% to $9.66 billion in 2026, due mainly to direct government payments through supplemental and ad hoc disaster assistance and Title I commodity programs. Direct government payments are projected to total $3.70 billion, $1.65 billion higher than in 2025. From 2025 to 2026, crop receipts are expected to remain stable, with sales of crop inventories supplementing sales of mostly smaller crops in 2026. Livestock receipts are expected to increase by $724 million (4%). Overall production expenses are projected to increase by $699 million (3%) due to higher costs for purchased livestock, fuel and oils, and agrochemicals. Kansas' projected 10% increase in NFI contrasts with the 1.5% decline in NFI projected for the U.S. in 2026 by FAPRI-MU, reflecting the state's livestock strength and the outsized impact of higher government payments.

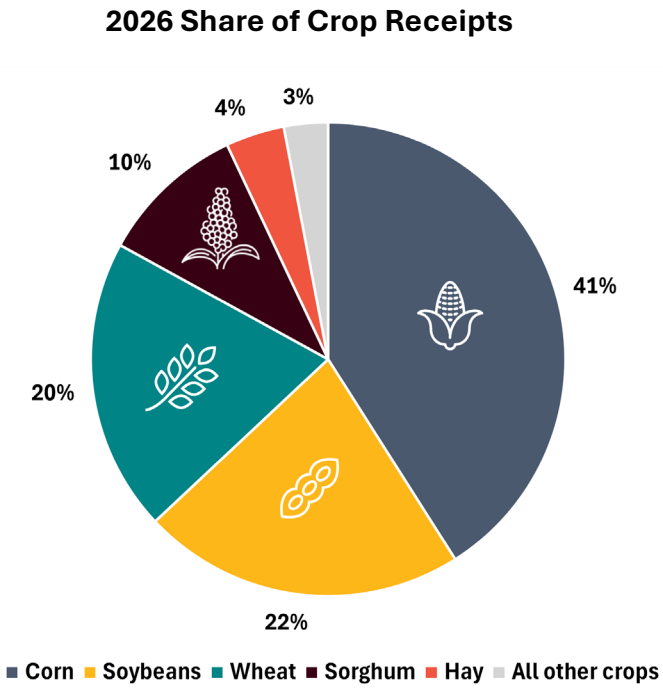


Kansas Crops

Kansas crop receipts are projected to remain stable in 2026, with decreases expected for corn and hay but increases expected for soybeans, wheat, and sorghum.



Corn planted area is projected to decline 395,000 acres (-6%) to 6.45 million acres in 2026, and yields are expected to drop 8% from a 10-year high in 2025. Combined, this is expected to result in a 15% decrease in production to 803 million bushels. The production decline would more than offset a 3% increase in price and increased sales of corn inventories from previous years, leading to a $60.39 million (-2%) decrease in cash receipts.



Soybean cash receipts are projected to increase by $36.51 million (2%) in 2026, driven by slightly higher prices and old crop sales. Despite higher planted area, total production in 2026 is expected to decrease by 14% to 170 million bushels due to the projected return to more normal (lower) yields.

All wheat planted area dipped by 94,000 acres (-1%) in 2026. In addition, yields are projected to decrease by 9%, resulting in a 10% decline in production. However, a 14% price increase to $5.37 per bushel is expected to contribute to a $31.14 million (2%) increase in cash receipts.

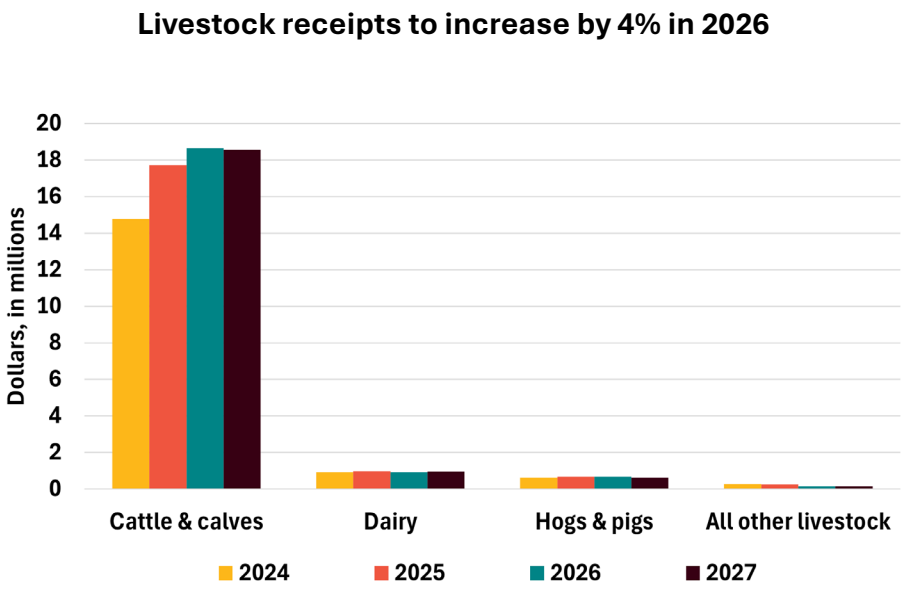
Sorghum cash receipts are also expected to rise in 2026 by $73.44 million (9%), as increased old crop sales and 4% higher 2026 prices offset a 1% decrease in production from 2025.

All hay cash receipts are projected to decrease by $20.04 million (6%) in 2026 due to a 22% decrease in production.

Kansas crop receipts are projected to decline by $181 million (-2%) in 2027, driven mainly by decreases in corn and soybeans receipts.

Kansas Livestock

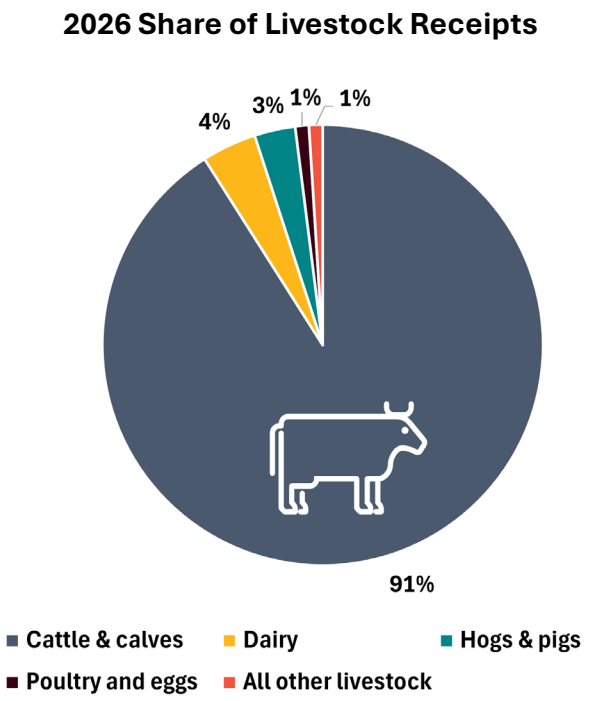
Cash receipts for cattle and calves, which account for 91% of Kansas's livestock receipts, are projected to increase by $919 million (5%) to $18.66 billion in 2026. The beginning inventory of cattle and calves in 2026 was at 5.85 million head, 100,000 head lower (-2%) than a year before. Marketings for cattle and calves are projected to be stable and fed steer and feeder steer prices are projected to increase by 5%.



Dairy cash receipts are projected to decrease by $79.64 million (-8%) to $913 million in 2026. Higher inventory (i.e., more milk cows on farms) and production per cow would contribute to a 5% increase in total milk production, which is expected to be offset by a 12% drop in milk prices.

Hog inventory increased to 2.12 million head in December 2025, a 6% increase from the previous year. However, a 1% decrease in hog prices and a slightly smaller pig crop are expected to result in 1% lower hog and pig receipts in 2026.

Cash receipts for eggs are projected to decrease by $101 million (-52%) to $94 million in 2026, as the impacts of the Highly Pathogenic Avian Influenza (HPAI) dissipate.



Kansas livestock receipts are projected to remain stable in 2027, as cash receipts for cattle and calves are also expected to remain stable.

Kansas Expenses

In 2026, production expenses would increase $699 million (3%) to $24.25 billion. Higher expenses for purchased livestock, fuel and oil, and agrochemicals are projected to offset lower expenses for feed and interest.

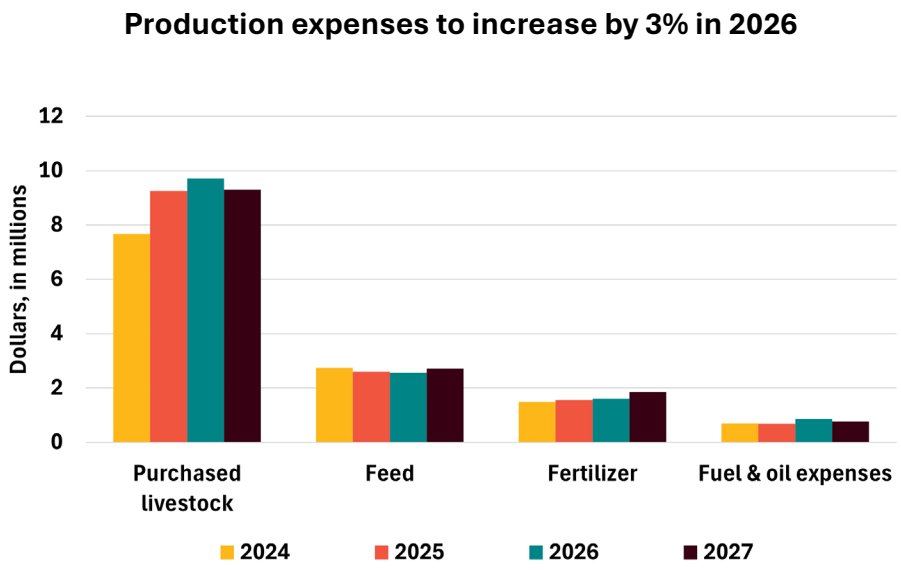
Purchased livestock expenses are projected to increase by $469 million (5%) to a record $9.72 billion in 2026 but are expected to decline in 2027 due to lower feeder steer prices.

Amid ongoing geopolitical tensions related to the Iran conflict, fuel and oils expenses are expected to increase by $181 million (27%) but are expected to decrease in 2027.

Expenses for fertilizers are projected to increase by $48 million (3%) to $1.60 billion in 2026 and by an additional $260 million (16%) to $1.86 billion in 2027. Expenses on pesticides would increase by $45 million (4%) to $1.12 billion in 2026 and by an additional $22 million (2%) to $1.15 billion in 2027.

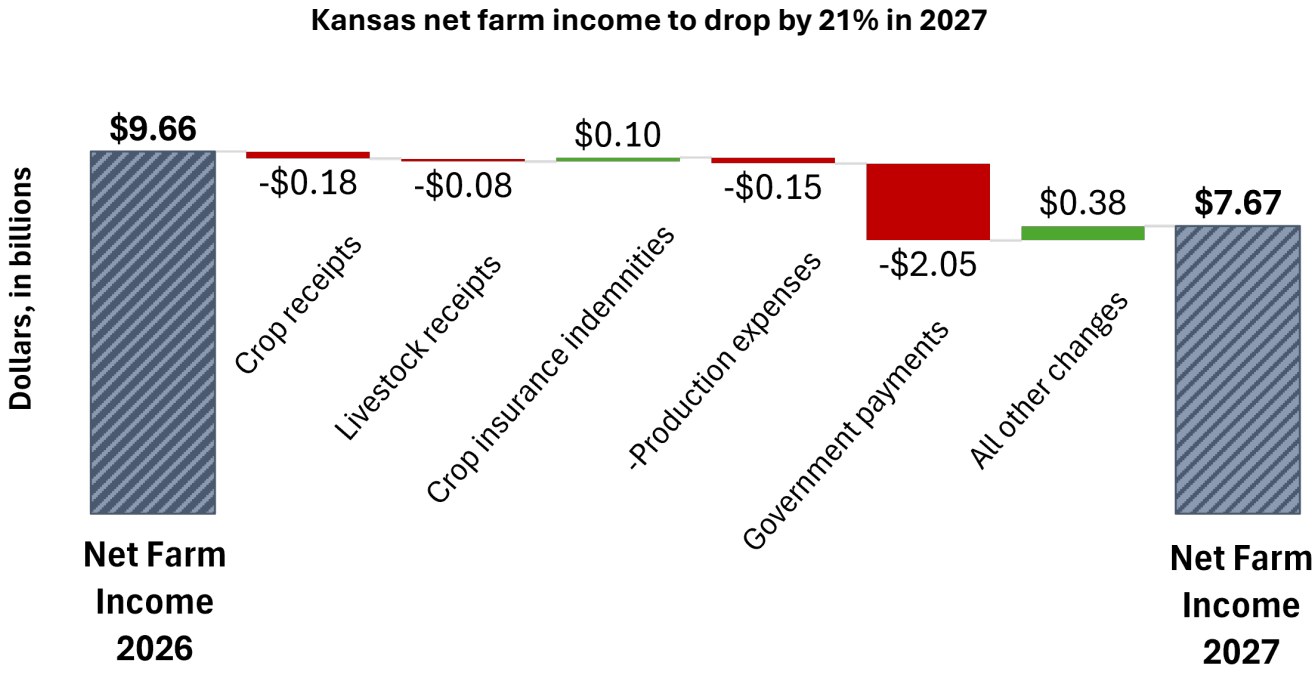
Feed costs are expected to fall slightly by $38 million (-1%) to $2.57 billion in 2026 but are projected to increase $152 million (6%) to $2.72 billion in 2027.

In 2027, total production expenses are projected to remain stable, as higher expenses for feed and fertilizer would be offset by lower expenses for purchased livestock, fuel, and oils.



Kansas Farm Income in 2027

Net farm income is projected to decrease by 21% to $7.67 billion in 2027. This is driven primarily by the assumption that direct government payments decline by more than half to $1.65 billion in 2027, as authorized supplemental and ad hoc disaster assistance payments decline by 76%. In addition, cash receipts for crops are projected to slightly decline and cash receipts for livestock to remain stable in 2027. Net farm income averages $6.81 billion across the 10-year baseline projection (2026-2035).



Disclaimer

The results presented in this report do not consider market uncertainty. Small proportional changes in cash receipts, production expenses or unannounced government assistance can dramatically change the outlook for net farm income.

Contact Information

Tayatorn Pongspikul, RaFF: tkpongspikul@missouri.edu
Kyra Palange, RaFF: kpalange@missouri.edu
Alejandro Plastina, RaFF: aplastina@missouri.edu
Jennifer Ifft, K-State: jifft@ksu.edu
Joe Parcell, K-State: jparcell@ksu.edu
Gregg Ibendahl, K-State: ibendahl@ksu.edu
Dan O'Brien, K-State: dobrien@k-state.edu
Alice Roach, K-State: aliceroach@ksu.edu

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Additional Resources

K-State and Mizzou offer valuable support to farmers and ranchers through a variety of resources focused on topics including farm management, crop insurance, agricultural policy, grain and livestock marketing and risk management. For more information and to explore resources, visit Agmanager.info for summary financial information produced from data of the Kansas Farm Management Association and muext.us/AgBusiness for University of Missouri Extension resources.

Supporting tables are available for download at raff.missouri.edu/data-tables/. Permission is granted to reproduce this information with appropriate attribution to the authors and RaFF.

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