Indiana Farm Bureau
Advocating for Agriculture

Indiana's Agricultural Economy Update – Crop Profitability Continues to Struggle with Government Payments Providing Liquidity Support

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Executive Summary

- USDA's preliminary 2026 forecast projects real net farm income falling 2.6% ($4.1 billion), driven by reduced corn and soybean revenue. Despite this decline, increases in beef cattle revenue and direct government payments are helping sustain farm net income.
- Since 2020, most government payments to farmers have been special assistance during emergencies like COVID-19 (2020 and 2021) and economic support in 2025 and 2026.
- Title I payments for ARC/PLC waned from 2021 to 2025 because the respective formulas did not trigger them. The One Big Beautiful Bill ramped up the funding and payment formulas for ARC and PLC. Simulations suggest average corn payments for Indiana of $40 to $70 in 2025 and 2026, with soybean payments of $16 to $45 per planted acre each year.
- Purdue University *Crop Enterprise Budgets* suggest corn and soybean farmers will face their fourth consecutive year of negative profitability. Only farms that own 100 percent of their land base without debt are more likely to achieve profitable returns each year analyzed.
- The payments for the 2025 crops received in October 2026 will help with cash flow but will not fully offset the economic loss.

Farmers who spent their winter updating their budgets to talk with their lender have received a sobering message – profitability potential for 2026 is elusive for the average farm with average production levels and average marketing skills.

Table 1 shows the planned profits for a 1,000-acre farm with average-quality soil from 2022 to 2026 (Purdue University Budgets). For 2022–2025, average yields across the state and average corn and soybean prices in Indiana are used. These assumptions reflect a farm with typical productivity and sales ability. Table 1 shows the profit after subtracting basic input costs for each crop and for the rotation. Next, yearly overhead costs are subtracted to find profit under three land-holding arrangements: owning all the land, renting all the land, or splitting evenly between owning and renting. The middle arrangement assumes 50% rental.

Table 1 illustrates the liquidity problem many grain farms have faced since 2022. The profitability of the 50% cash-rented farm has been negative, with losses ranging from -$3 per acre in 2023 to a budgeted -$100 per acre for 2026 (Table 1). Farms that rent a larger percentage of their land base face greater liquidity problems as the budgeted losses for the 100% cash-rented farm were -$131 per acre in 2023 and have exceeded -$200 per acre in 2024 and 2025. The budgeted loss for the 100% rented farm in 2026 is -$230 per acre (Table 1).

Currently, Farmer Bridge Assistance Program (FBAP) payments are being distributed at $44.36 per acre for corn and $30.88 per acre for soybeans. The average of these payments is $37.62 per acre per rotation. The simulated average Title I ARC/PLC payment for Indiana for a corn-soybean rotation is $37.50 per rotation acre. The average FBAP and ARC/PLC payments are simulated as not fully covering the cash deficit for the 2026 crop year, and the safety net gap widens as a larger percentage of the land base is rented.

Indiana Chapter 12 farm bankruptcies illustrate the effect of continued income losses. Bankruptcies increased from 2 in 2022 and 1 in 2023 to 9 in 2025. A typical 12- to 18-month delay between financial stress and bankruptcy filings suggests more may occur in 2026.

While the 2027 crop year is not budgeted, the liquidity and profitability problems will continue. The safety net provided to farmers in 2026 is augmented by the FBAP ad hoc payments. If the 2027 budgeted profitability is like that in 2026, the safety net gap from ARC/PLC will be wider and liquidity problems will be greater. Policymakers should monitor the situation, as another ad hoc economic payment may be necessary to reduce the bleeding of working capital from grain farms.

The *Prospective Plantings* report from the U.S. Department of Agriculture to be released on March 31 will provide the first glimpse of what farmers might plant this spring, assuming Mother Nature cooperates. Farmers should continue to update their budgets and pricing objectives to capitalize on pricing opportunities as they arise. In a tight margin scenario, focusing on covering costs and locking in profitable prices may be more important than pricing at the year's peak.

Table 1. Budgeted Profitability for an Average Indiana 1,000 Acre Corn-Soybean Farm from 2022 to 2026 (Budgeted) – Average Quality Soils.

	2022		2023		2024		2025 Est.		2026 Budgeted	
	Rot. Corn	Rot. Soy	Rot. Corn	Rot. Soy	Rot. Corn	Rot. Soy	Rot. Corn	Rot. Soy	Rot. Corn	Rot. Soy
Budgeted Price	$6.48	$14.40	$4.50	$12.60	$4.32	$10.40	$4.30	$10.40	$4.35	$10.20
Budgeted Yield	190	57.5	203	61	198	59	204	59.5	198	60
Market Revenue	$1,231	$828	$914	$769	$855	$614	$877	$619	$861	$612
Total Variable Costs	$660	$329	$683	$345	$627	$337	$654	$348	$659	$349
Return over TVC	$571	$499	$231	$424	$228	$277	$223	$271	$202	$263
Rotation Return over TVC	$535		$327		$252		$247		$233	
Annual Overhead Costs										
Machinery Ownership	$130		$139		$139		$146		$146	
Family Living	$56		$64		$64		$50		$56	
Land	$239		$255		$253		$257		$261	
Total Overhead Costs	$425		$458		$456		$453		$463	
Return - 100% Rented	+$110		-$131		-$204		-$206		-$230	
Return - 50% Rented	+$230		-$3		-$77		-$78		-$100	
Return - 0% Rented	+$349		+$124		+$49		+$51		+$31	

Source: Purdue University Crop Enterprise Budgets from 2022 to 2026.

USDA National Agricultural Statistics Service – Indiana State Average Corn and Soybean Yields from 2022 to 2025.

USDA National Agricultural Statistics Service – Indiana Marketing Year Average Corn and Soybean Prices from 2022 to 2025.