Extension
UNIVERSITY OF WISCONSIN–MADISON

Summary 2020

EXTENSION CENTRAL NEWS

In this issue

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The Impact of Heat Stress on Dairy Cattle

Heather Schlesser
Marathon County, Dairy Agent

Preventing heat stress in cattle is very important. While the weather may not seem very warm to you, it is for your cattle. Research from The Ohio State University estimated that farmers lose almost $100/dairy cow/year assuming $13/CWT due to heat stress when the farm is using heat abatement strategies. Research from The Ohio State University also estimated that this number increases to $167/cow/year when heat abatement strategies are not used. It is known that calves born from a cow that is suffering from heat stress weight an average of 17 lbs. less on average. Reproduction rates of cattle affected by heat stress are also lower than reproductive rates of cattle not experiencing heat stress. Due to the economic loss caused by heat stress, it becomes important to recognize the signs of heat stress and to know how to help alleviate the symptoms in your cattle.

Cattle suffering from heat stress tend to bunch in the shade, have increased respiratory rates, slobber more, exhibit open mouth breathing (or panting), have decreased milk production , decreased feed intake, and sweat. If you see these signs in your cattle, it is important to try to reduce the heat stress they are feeling.

To reduce heat stress you should avoid handling, transporting, moving, or processing cattle in the afternoon/evening because this is the hottest part of the day. You should also provide them with additional water and shade. Cattle prefer cool water, placing waterers in the shade will in-

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crease consumption. It is also recommended to provide cattle with 45-50 square feet per cow of shade when on pasture. If possible, you could also sprinkle the cattle with large droplets of water to help cool them. If you use small fine droplets this will increase the humidity and make the situation worse, so it is important to watch your droplet size. For cattle that are confined it is important to provide adequate ventilation and air movement.

It is also important to watch for signs of heat stress in calves. If calves are in hutches, opening the air vents helps circulate air flow. Putting a concrete block under the back wall of the hutch can also help with air flow. Switching from straw or woodchips to a sand bedding in the summer can also help cool calves.

During periods of heat stress cattle can lose condition due to lower feed intake. To prevent this it is important to provide an energy-dense ration. This will concentrate the energy and allow the cattle to maintain the same level of nutrition even though they are eating less. Adjustments to the mineral and protein content may be necessary, make sure to work with a nutritionist to create a balanced diet.

At first signs of heat stress, implement the above tips to reduce stress. Few animals are able to recover once it becomes more severe, so early intervention is necessary.

Animals that have had past health problems, are in confinement, are heavier, or have a dark hide are more susceptible to heat stress. Make sure you keep an extra keen eye on these animals.

It is important to realize that heat stress is determined by ambient temperature and relative humidity. Therefore, moderate signs of heat stress may occur when the temperature is between 80 and 90 F with the humidity ranging from 50-90%. However, high producing cows show signs of heat stress at lower temperatures. See chart below:

Temperature	Humidity
72	100%
77	50%
82	20%

According to a National Animal Health Monitoring System dairy study, 75.7% of all operations provide fans for the lactating herd, but only 47.7% provide fans for dry cows. Sprinklers are provided to the lactating herd on 25.5% of all operations, yet only 10.7% of dry cows are cooled with sprinklers. These statistics indicate that we do not need to cool the dry cow. However, research from the University of Florida has shown that cooling dry cows during the summer heat can lead to an average of 11 lbs. more milk per day throughout the entire next lactation. They also found an overall increase in the animal's health and feed efficiency in early lactation. Calf weight gain and health is also improved. There is also evidence that heifers born to dams that were cooled produce more milk in their first lactation.

The effects of heat stress are long lasting and often not seen immediately. In bulls the effects of heat stress are not seen for two – four weeks and can last for six – twelve weeks. The effects of heat stress result in reduced fertility of the bull during this time period. Cows and heifers show fewer signs of estrus when experiencing heat stress. They also suffer from lower fertility rates due to heat stress. There is also a higher incidence of embryonic loss in cattle suffering from heat stress. As the cow tries to regulate her body temperature, she will redistribute blood flow away from her core. This aids in decreasing her core body temperature, but also reduced the blood supply to the developing fetus and uterine body causing abortion of new pregnancies.

Heat stress is important to your bottom line today and into the future. It is important as a dairy farm manager to recognize the signs of heat stress on your dairy herd. Being proactive to alleviate heat stress in your dairy herd will positively affect your bottom line.

Dairy Coronavirus Food Assistance Program (CFAP)

Matt Lippert
Clark/Wood Counties, Dairy and Livestock Educator

When you receive this, CFAP may already be old news, you may have applied, or you may even have received your payment. CFAP is a program from the USDA-FSA office. It has supplemental payments for specialty crops, commodity crops, livestock, and dairy. The dairy program is especially strong, paying $6.20 per hundredweight for the total of January through March milk production. It is a possibility that the funding could be depleted but the first 80%, just short of $5/cwt., has been promised as available. There are maximum limits but compared to many other programs they are generous: $250,000 per farm, and to $750,000 for farms consisting of at least three partners.

Some people resist participating in government support programs, however, if the program is particularly significant, they may decide to participate. This program is particularly significant as it will add the equivalent of $1.50/cwt for most farm's total 2020 production. Eligibility is not affected by participation in Dairy Margin Coverage or Dairy Revenue Protection, however forward contracted milk may affect the total benefit.

The application involves determining milk marketings (total cwts.) for the first quarter of the year. You must apply by August 28, 2020 to the USDA – Farm Service Agency.

Dairy payments are also available for loss of income from livestock marketed, including cull dairy cows and cull calves. The application asks for highest inventory sold as market cattle (beef) given date, so find the sales receipt with the highest number of cattle and calves on it and use it as your reference.

We saw June milk prices rebounding from the recent lows, to higher than they were before the pandemic losses. It is hard to predict if this will persist but some of the price recovery may be related to food box programs the government has funded. It has been and appears to continue to be a bumpy ride this year, please stay positive and take advantage of these programs if they are useful to you and your family.

CFAP Livestock on a Dairy Farm

Matt Lippert
Clark/Wood Counties, Dairy and Livestock Educator

The CFAP program will compensate dairy producers for the loss in value of cull dairy cows, in the livestock section. The day a cow is culled for beef she changes status from a dairy cow to a slaughter animal. The total number of cows marketed between January 15 and April 15 for slaughter is your total inventory of mature slaughter cattle. The most marketed on any one day becomes the highest inventory held, this figure is for the period April 16 through May 14. For example, if 20 cows were culled January 15-March 16 that is your total inventory, if the most you sold on any one day between April 16 and May 14 is 3, that is your highest inventory.

Cull dairy calves normally sold pre-weaning involves the same calculations. They fit in the category "Feeder cattle less than 600 pounds" Most farms will produce fewer if any "Feeder cattle more than 600 pounds," if you market surplus dairy animals not intended to continue as a dairy animal in that heavier weight, there is a category for that as well.

Managing Your Herd's Worms

Sandy Stuttgen
Taylor County, Agriculture Educator

Grazing plans are well underway. Gastrointestinal parasites (worms, like helminths, found in the gut) of cattle either benefit or are hindered by your grazing plan. In no particular order, here are a few grazing plan ***points to help promote worm vigor in your cattle and on your farm:***

Without performing fecal egg counts (FEC), turn out cattle who grazed last season and were neither tested nor treated at the conclusion of the last year's grazing season. Their internal over-wintered worm population is now resuming their sexual activity and will begin depositing eggs onto the pasture.

Let cattle graze wet grass that is less than four inches tall during the early spring 50-60-degree days. Newly deposited eggs, aided by cool weather and

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moisture, hatch, and transform into infective larvae as do the worm eggs deposited on the grass during last year's season. Eggs survive freezing.

Let yearlings follow older cattle in the pasture rotation or turn yearlings onto pastures last grazed by the mature herd. These young, healthy animals are excellent hosts for newly deposited eggs or eggs deposited last fall.

Spread manure packs, which probably contain eggs, onto pasture that is next to be grazed.

When it is convenient for you, administer a deworming product to all the grazing cattle. Do not bother having fecal diagnostic testing performed, either to target the worms your cattle actually have or to determine if the product actually worked.

But wait a minute! ***Is it your goal to promote a vigorous worm population***? Of course not! Work with your veterinarian and other advisors to manage worms using the "4/30/FEC/strategically treat / FECRT" plan:

Never graze shorter than four inches. Conduct surveillance with monthly FEC (before turn-out and then every 30 days) to determine when stock need to be dewormed. Strategically treat using products for the worms your cattle have, while correctly administering the product at the correct dose. Use post-dosing fecal egg count reduction tests (FECRT) to monitor the product's efficacy.

Your veterinarian will have specific sampling directions. Generally, collecting FEC and FECRT samples involves walking with the cattle, which usually causes them to defecate, making it possible for you to identify freshly dropped samples. Take zip lock sandwich bags, plastic (picnic) teaspoons, a sharpie marker, and a cooler and cold pack with you.

Collect one teaspoon of fresh feces from 20% of the herd, or 20 animals, whichever is greater. Place the feces-filled spoon directly into the bag, zip it shut, and label the bag with the animal's identification and the date the sample was collected. Refrigerate (do not freeze) the samples and submit them to the veterinarian as soon as possible. These same samples may be used to identify the worm species involved.

Compare the individual FEC to the animal's body condition score and rate of gain to determine when to initiate worm treatment. Use advanced laboratory testing, such as polymerase chain reaction (PCR) testing to accurately identify the worm species involved. FECRT tests are more informative when the same animal's pre- and post-treatment FEC are compared.

It does not benefit your operation to have intestinal worms steal growth and production from your cattle. Your cattle will continue to grow and prosper by applying a bit of science to managing the pasture, the cattle, and their worms' life cycle.

What's in the Hay?

Evan Henthorne
Adams County, Agriculture Educator

As we slide into the haying season, it is important to keep an eye out for what could be growing in your hayfield. As I was out checking pastures one evening, I noticed an odd plant in an alfalfa field. Not knowing what type of plant it was, my curiosity grew and I decided to do some research. After using the Weed I.D tool that UW-Madison's provides, I came to the diagnosis that the said weed is Yellow Rocket. If you're like me and are still growing your knowledge on weeds here what my research has taught me.

Yellow Rocket is an upright growing annual or biannual mustard family plant that spreads by releasing seeds when it is fully bloomed. The stalk will remain all growing season unless it is removed physically, sprayed with a glyphosate product or cut. When Yellow Rocket is at full maturity you will notice yellow flowers grouped in clusters.

The reason producers should be aware of Yellow Rocket is because the University of Minnesota has listed mustard seeds (Yellow Rocket is classified in the mustard family) on the list as toxic to livestock, in particular horses if consumed. If you are a producer who grows and sells hay, this is something to keep in mind.

Also, I will always advise getting any type of forage you're producing tested to ensure you know nutrient levels. The forage testing lab located in Marshfield is open for testing. Reach out to your local educator if you need assistance in submitting a sample.

Questions from My Desk

Richard Halopka, CCA
Senior Outreach Specialist
Extension Clark County Crops & Soils

I have been having a hard time establishing alfalfa on our farm and we have lost new stands within a year of seeding them, why?

From our conversation, soil test look good for pH, P, and K, tillage and seeding management is good, let's focus on some practices after planting and with harvest.

Weather is something we can't control and we have had a number of poor winters and wet growing seasons. This may be the greatest factor in the loss of your alfalfa stands the past few years.

Now let's visit a few management practices that may contribute stress on your alfalfa stand and contribute to reduced viability of your alfalfa stand.

You mentioned you use a heavy flat roller to smooth the field after planting. Using a roller after planting is not a bad practice. The challenge is flat rollers will crush and smooth soil particles (may make powder of soil) and with our normal rainfall may cause crusting on the surface limiting the ability of small seeded legumes to emerge. Flat rollers were designed for areas of dryer climate and much less rainfall compared to Wisconsin. A better choice may be a corrugated type roller. The surface will have dimples and will help reduce crusting compared to a smooth roller.

Harvest management. Currently you are attempting to harvest as many cuts as possible in the first year. You are using a disc bine type machine to cut your alfalfa and you are cutting fairly short from our conversation. This will be a tough conversation. We may need to make a trade for less first year yield and possible improvement in longevity of your stand. Would you consider a higher cutting height? By leaving 2-3 inch stubble it may reduce stress on your alfalfa and improve the root reserve of the plants and help increase longevity of your stand. Next, would you consider only taking 2 cuts in the seeding year? If one cut would have some bloom's present it may aid the root reserves and reduce stress on your alfalfa. If you add grass with the alfalfa, recommendations for harvesting grass are a minimum of three inch stubble. You mentioned you use a nurse crop with your alfalfa, so one harvest around 60 days after planting and another later in August and leaving the stand into winter. With a reduction in stress from a third possible cut may help stand survival by reducing plant stress and provide greater root reserves going into winter.

These few changes in harvesting may help your alfalfa stands. Winter weather the past couple of years has been brutal and there may not been any surviving the open severe winter. If you consistently lose your alfalfa it may pay to consider a few management changes as your investment is not being returned from the seeding cost. Replacing equipment is not recommended unless you are considering a purchase. A management change may reduce yield in short term, but return benefits in the long run.

For more information on growing and harvesting alfalfa and alfalfa hay mixtures please review A4075. Here is the link to view online:

https://cdn.shopify.com/s/files/1/0145/8808/4272/files/A4075.pdf

Or if you would like a printed version contact your local county extension office or Clark County at 715-743-5121 or email myself at richard.halopka@wisc.edu.

Are you more of a visual or auditory learner? Are you tired of reading all of the fact sheets coming out about COVID-19? Would you prefer a way to listen while driving your tractor?
Then you should check out:
https://www.youtube.com/feed/my_videos.

Videos of the published factsheets are being created and posted here for your educational enjoyment!

I am on the Fence, it is a Barbed-Wire Fence, and I Want to Get Off!

Kevin Bernhardt
Professor for UW-Platteville School of Agriculture and Farm Management Specialist for UW-Extension and the Center for Dairy Profitability

As I write this article, there is a breath of optimism in the dairy industry. Markets have improved, government program payments are getting to mailboxes and the economy is slowly opening back up. That is good news that I hope only gets better. For some dairy businesses that is just the spark needed to enthusiastically look to a better future. For others, the current news is welcome, but the need to consider the future of their operation is still at hand.

On-the-Fencers are undecided about what to do next. Indecision may be due to not seeing a path forward, seeing multiple paths but struggling to choose one, or being paralyzed by how to even start the decision-making process. Financial and other stressors from the pandemic may have brought a sharp edge to this indecision, but other factors such as health, age, infrastructure or family dynamics may play significant roles. Whatever the cause, the result is an internal ticking clock constantly reminding you that decisions must be made, itself a stressor, triggering a paralysis in how to make those decisions. I am on the fence, it is a barbed-wire fence, and I want to get off!

Figure 1 shows a roadmap for potential ways off the fence. It starts with determining the capacity for long-term profitability under "normal" production, prices and costs of production.

If the answer is "Yes", then you may be in the "Long-Hauler" camp with its accompanying options (Figure 1). In the short-term, that may mean a focus on cash flowing to the other side of the pandemic. In the long-term it means an option to stay the course with continuing operational improvements to take advantage of future opportunities and efficiencies.

If the answer is "No", then you may be a Guardian-Transitioner. Your very short-term may still be a focus on cash flow, but the bigger decisions are how to effectively make significant and strategic changes that guard your equity through transition to a different business strategy or exit from the industry. Either way, the goal is to make it your proactive choice.

Let's back up! Answering the question, "Does this operation have the capacity for long-term profitability?" is a difficult question to answer. Ultimately, it involves in-depth trend analysis of financial position and performance, peer group comparisons, burn rate analysis and pro forma budgeting under different scenarios of prices, production and costs of production. When ready, assistance from consultants, Extension educators, vocational instructors and others who have the experience and expertise to guide you through your specific situation will be very helpful. Until then, there is a need to get started and gain a first blush of awareness.

Table 1 shows historical annual average, low-third and top-third Class III prices. Using these prices along with your usual basis (add your basis to the Class III price), ask yourself which answer below, A or B, bests describes your opinion to the question, "During times of average milk prices, I can ...:" pay my bills, cover debt service, replace/update some machinery, buildings and technology and even save a little cash to cover unusual expenses that come up or stash it away in equity.

pay my bills, but I still struggle to meet all my debt service and my machinery, buildings and technology continue to grow old, obsolete and inefficient (I just can't afford to replace or update). I have very little cushion and worry that I'm one major breakdown or price drop away from real financial problems.

Table 1: Class III Annual Prices

	Approximate Low Third Price[1]	Average Price	Approximate Top Third Price
2005-2019	14.78	16.11	17.45
2005-2014	14.74	16.33	17.93
2015-2019	15.25	15.68	16.11

[1] Low and Top third prices based on Average minus or plus one-half standard deviation.

Now, ask yourself the same question if prices are in the low-third. If you agreed with answer "A" under most, even low third, price scenarios, that is an early indication that you might be a "Yes" to the question of long-term profitability in Figure 1. If you agreed

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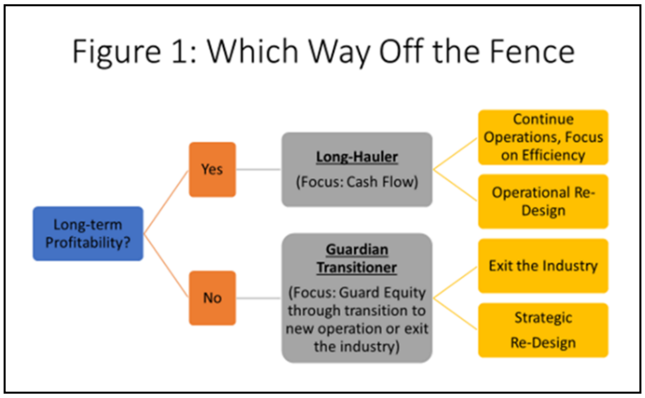
I am on the fence, it is a barbed wire fence...—*Continued from page 6*

more with answer "B", even under top-third prices, then it might be an indication of a "No" answer in Figure 1 and long-term profitability may be a challenge unless something changes.



This is obviously not a rigorous analysis, only a baby step forward. A step up in rigor is analyzing the trends of profitability metrics such as the long-term average Return on Assets (ROA). Return on Assets is a measure of how much profit the business is earning from every dollar of assets. It is a common financial metric calculated in financial record-keeping systems and one that is comparable to peer group and industry standards. Table 2 shows ROA industry standards and recent statistics of actual dairy farms.

Table 2: Long-Term "Rate of Return on Assets" Benchmarks and Statistics

	Vulnerable	Watch	Strong
Ratio Scorecard[1]	< 4%	4%-8%	> 8%
2014-2018	Average of Low 40%	Average of Middle 20%	Average of Top 40%
FINBIN[2] (n=193)	2.3	3.7	6.4
FarmBench[3] (n=132)	-2.3	2.1	8.2
2015-2018			
FINBIN[2] (n=230)	.5	2.1	5.2
FarmBench[3] (n=132)	-2.9	1.2	5.7
	Breakpoint for Low 30%[4]	Overall Average	Breakpoint for Top 30%[4]
FarmBench, 2014-2018	-.2	2.8	5.7
FarmBench, 2015-2018	-1.1	1.3	3.8

1 Average long-term benchmark from the Farm Financial Standards Council, not specific to any set of years or commodity.
2 Database statistics of dairy farms from the Center For Farm Financial Management, University of Minnesota.
3 Database statistics of dairy farms from the Center for Dairy Profitability, University of Wisconsin.
4 Low and top 30% based on average minus or plus a half standard deviation.

The first row in Table 2 shows the suggested benchmark based on the Farm Financial Standards Council. Over time, the goal is to be at least greater than 4% and ideally greater than 8%. Note, this will adjust somewhat depending on the level of ownership of your capital assets (higher by a couple percent if you lease most of your assets, lower by a couple percent if you own most of your assets).

However, profitability in the dairy industry has been anything but normal the last few years. Thus, for those years, the rest of Table 2 provides comparative statistics of actual farms from FINBIN and FarmBench databases. The statistics are for both a four-year period that does not include the high profit year of 2014 and for a five-year period that does include 2014. In the first set of statistics, farms were separated by ROA into groups based on the lowest 40%, middle 20% and highest 40%. The statistics show the average ROA within each of those groups. If your ROA is in the top 40% then it is an indication that the business is "keeping up" with industry leaders with respect to profitability. ROA in the low 40% could be an indicator of profitability challenges. A second set of statistics separates groups into the lowest 30%, middle 40% and highest 30% with the number in the table being the breakpoint price between those groups.

If after considering the A vs B question and analyzing ROA, you answer "Yes" to long-term profitability (Figure 1), then you may be in the Long-Hauler camp. Your current focus is cash flow and in the long-term continuous building of efficiency in your operation.

If your analysis leans more to a "No" answer to long-term profitability, you may be in the Guardian-Transitioners camp. In the short-term, cash flow is still a focus, but future plans may focus more on how to guard your equity through a more significant and strategic transition to some other kind of business model, partial liquidation or exit from the industry. There are a host of reasons that might have created this situation, most if not all may have been outside of your control. Regardless of your situation today, what is important is taking the proactive step to change your future trajectory to a better path for you, your business and your family.

Remember, the A vs B question and analysis of ROA is an initial awareness of the operation's capacity for sustained long-term profitability. You will certainly want to follow this with a more rigorous analysis of financial statements, pro forma budgeting and an internal check on non-financial reasons for being a Long-Hauler or Guardian-Transitioner.

Whichever way off the fence you feel is most prudent to pursue, what is important is that you are taking charge of your destiny. It is your data-driven choice and you are making the proactive decision to move and create a better path for your operation and your family.

United States Department of Agriculture

Farmers and Ranchers in Wisconsin Can Now Apply for Financial Assistance through USDA's Coronavirus Food Assistance Program

Online Tools and Toll-Free Number Available to Assist Producers

MADISON, Wis., May 26, 2020 – Agricultural producers can now apply for USDA's Coronavirus Food Assistance Program (CFAP), which provides direct payments to offset impacts from the coronavirus pandemic. The application and a payment calculator are now available online, and USDA's Farm Service Agency (FSA) staff members are available via phone, fax and online tools to help producers complete applications. The agency set up a call center in order to simplify how they serve new customers across the nation.

"We know Wisconsin producers are facing a tough time now, and we are making every effort to provide much needed support as quickly as possible," said Sandy Chalmers state executive director for FSA in Wisconsin. "FSA is available over the phone and virtually to walk you through the application process, whether it's the first time you've worked with FSA, or if you know us quite well."

Applications will be accepted through August 28, 2020. Through CFAP, USDA is making available $16 billion for vital financial assistance to producers of agricultural commodities who have suffered a five-percent-or-greater price decline due to COVID-19 and face additional significant marketing costs as a result of lower demand, surplus production, and disruptions to shipping patterns and the orderly marketing of commodities.

"We also want to remind producers that the program is structured to ensure the availability of funding for all eligible producers who apply," Chalmers said.

In order to do this, producers will receive 80 percent of their maximum total payment upon approval of the application. The remaining portion of the payment, not to exceed the payment limit, will be paid at a later date nationwide, as funds remain available.

Producers can download the CFAP application and other eligibility forms from farmers.gov/cfap. Also, on that webpage, producers can find a payment calculator to help identify sales and inventory records needed to apply and calculate potential payments.

Additionally, new customers in search of one-on-one support with the CFAP application process can call 877-508-8364 to speak directly with a USDA employee ready to offer assistance. This is a good first step before a producer engages the team at the FSA county office at their local USDA Service Center.

Applying for Assistance

Producers of all eligible commodities will apply through their local FSA office. Those who use the online calculator tool will be able to print off a pre-filled CFAP application, sign, and submit to your local FSA office either electronically or via hand delivery. Please contact your local office to determine the preferred method. Find contact information for your local office at farmers.gov/cfap.

Documentation to support the producer's application and certification may be requested after the application is filed. FSA has streamlined the signup process to not require an acreage report at the time of application and a USDA farm number may not be immediately needed.

Additional Commodities

USDA is also establishing a process for the public to identify additional commodities for potential inclusion in CFAP. Specifically, USDA is looking for data on agricultural commodities, that are not currently eligible for CFAP, that the public believes to have either:

1. suffered a five percent-or-greater price decline between mid-January and mid-April as a result of the COVID-19 pandemic,
2. shipped but subsequently spoiled due to loss of marketing channel, or
3. not left the farm or remained unharvested as mature crops.

More information about this process is available on farmers.gov/cfap.

More Information

To find the latest information on CFAP, visit farmers.gov/cfap or call 877-508-8364.

USDA Service Centers are open for business by phone appointment only, and field work will continue with appropriate social distancing. While program delivery staff will continue to come into the office, they will be working with producers by phone and using online tools whenever possible. All Service Center visitors wishing to conduct business with the FSA, Natural Resources Conservation Service, or any other Service Center agency are required to call their Service Center to schedule a phone appointment. More information can be found at farmers.gov/coronavirus.

USDA is an equal opportunity provider, employer, and lender.

PPP and EIDL Loans/Advances – What farmers should know

Written by Joy Kirkpatrick, Paul Mitchell and Liz Binversie

**Note: this is an update of an article that combined previous Extension articles on PPP and EIDL into one document. The full article can be found at https://farms.extension.wisc.edu/ppp-and-eidl-loans-advances-what-farmers-should-know/*

Update: June 16, 2020

On June 5 changes were made to several aspects of the Paycheck Protection Program:

Employers now have 24 weeks instead of 8 weeks to use the PPP loan and it will still be forgiven. Those who received a PPP loan before June 5 can still choose to have the 8 week period apply.

The percentage of the loan that must be spent on payroll to receive forgiveness is now 60%, down from 75%. If a borrower uses less than 60% of the loan on payroll costs, the borrower will still be eligible for partial loan forgiveness.

The time for repaying the loans has been extended to five years instead of two. This only applies to loans made on or after June 5, 2020. But lenders and borrowers can discuss and if they both agree, earlier loans can be modified.

Exemptions for an employer who has reduced their full-time equivalent workforce are possible under certain conditions. For more details, see Iowa State University's Center for Agricultural Law and Taxation's article: **Congress Revises Paycheck Protection Program to Assist Borrowers**.

The payment deferral period for PPP has been revised to allow borrowers to defer payments until the lender receives compensation for the forgiven amounts. Borrowers who don't apply for forgiveness will have 10 months after the end of the forgiveness to start making payments.

Allows borrowers who receive PPP loan forgiveness to defer the 6.2% employer portion of social security payroll taxes. The CARES Act originally did not allow PPP borrowers who had received loan forgiveness to defer payroll taxes.

Provides a shorter timeframe for considering owners with certain felonies as ineligible. Owners are ineligible if they have been convicted within the last 5 years for felonies that involve fraud, bribery, embezzlement, or false statements on financial loan or federal assistance applications. However, for all other felonies the timeframe has been shortened to one year.

Paycheck Protection Program

The Paycheck Protection Program (PPP) provides potentially forgivable loans to small businesses to cover up to two months of payroll costs and/or self-employment income during the COVID-19 crisis. Farmers are eligible for PPP loans through the Small Business Administration (SBA). Farmers must have fewer than 500 employees.

These loans are facilitated through lending institutions with established relationships with the SBA. Farmers can also work with the Farm Credit Service organization that services their geographic area. Some lenders and Farm Credit Services are limiting their PPP lending to businesses with which they have existing relationships. **The first recommendation is for farmers to call their current lender(s) to see if they have that SBA relationship and ask if they are ready to accept PPP applications**. The lender may have their own restrictions, application form and documentation requirements.

Who is eligible?

Small businesses, including farms, who have fewer than 500 employees (those receiving W2s in the previous year). Independent contractors/self-employed farmers and small businesses are also eligible to make their own applications to this program.

Partners in partnerships or members of an LLC taxed as a partnership should submit one PPP application for the partnership/LLC. The self-employment income of general active partners or LLC members/managers can be reported as payroll costs (up to $100,000 annual salary basis) filed on behalf of the partnership or LLC.

What costs are covered?

- Payroll costs, including benefits, such as paid leave, health care benefits, and state and local taxes. The portion of federal taxes that are normally taken from the employee's gross wages can be included in the calculations and used to pay their portion of federal employment tax. The employer's share of payroll taxes should be excluded from the calculations. Housing stipends or allowances are considered part of payroll and subject to the $100,000 per employee limits.
- Interest on mortgage obligations, incurred before February 15, 2020.
- Rent, under lease agreements in force before February 15, 2020.
- Utilities, for which service began before February 15, 2020.

The PPP cannot cover the costs of paying independent contractors (those who get 1099s instead of W2s). Independent contractors and other self-employed individuals, including farmers, should apply for their own PPP loans. The PPP loan cannot cover payroll for those employees whose principal address is not within the United States. See IRS regulations (26 CFR § 1.121-1(b)(2)) for additional guidance on determining an employee's principal place of residence.

How do seasonal businesses determine average monthly payroll?

Seasonal employers can calculate their maximum loan amount by:

- Averaging the monthly payroll for the 12-week period beginning February 15, 2019, or
- Averaging the monthly payroll for March 1, 2019 – June 30, 2019, or
- For employers who have later seasons, they can use any consecutive 12-week period between May 1, 2019 and September 15, 2019.

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Can a farmer include their own lost income in the loan?

Farmers can include their own lost income if their 2019 taxes indicate a net income. Current official SBA guidance give direction for loans that have self-employment income reported on the Schedule F to use line 34 for documenting net income. The 2019 IRS Form 1040 Schedule 1 and Schedule F must be included with the loan application.

If your farm/business had a zero or negative net income in 2019, the business owner(s) cannot request funds for themselves through the PPP. They can, however, still request funds to cover their payroll costs for two months. **Businesses with no employees and zero or negative net income are ineligible for a PPP loan.**

Are these truly forgivable loans?

PPP loans will be forgiven as long as:

- The loan is used to cover payroll costs, and mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.
- For a loan to be completely forgiven, no more that 25% of the loan can be used for anything other than payroll. For example, if you use 30% of the loan for mortgage interest, rent and/or utilities, you are required to pay back 5% of the total loan because that is the amount over the 25% you spent on things other than payroll costs.

If someone is required to pay back a portion of the loan, what are the loan terms?

- Interest at 1%, accrues immediately
- Payments deferred for six months
- Loan due in two years.

How do farmers apply?

These loans are facilitated through lending institutions with established relationships with the SBA. Call your current lender to see if they are making PPP loans. If they are not or you don't have an established relationship with a lender, you can contact the Farm Credit Service lender for your geographic area. Some lenders and Farm Credit Services are limiting their PPP lending to businesses with which they have existing relationships. Get their application and supporting document list. The lender may have their own restrictions, application form and documentation requirements.

You will need to provide the lender with payroll documentation such as payroll processor records or payroll tax filings. Independent contractors will have to provide their 1099-MISC forms.

Economic Injury Disaster Loan Program – Loans and Advances

The online application is at this address: **https://covid19relief.sba.gov/#/**

To be eligible for an EIDL, a business must have 500 or fewer employees and have been in operation by January 31, 2020. The following types of business are eligible for EIDL:

- Sole proprietorships, with or without employees,
- Independent contractors, with or without employees,
- Cooperatives,
- Employee owned businesses,
- Tribal small businesses,
- Private non-profit that has tax exemptions under 501 (c), (d) or (e).

The application is for the loan program and there is an option to request an advance on the loan. The advance is the part of the loan that does not require repayment. Start with the online application here: **https://covid19relief.sba.gov/#/** .

The advance/grant program provides up to $10,000. These EIDL advances are limited to $1,000 if you had no employees (owners only) and $1,000 per employee (nothing additional for owners) if you have employees.

The SBA EIDL COVID-19 loans can be up to $2 million, based on the severity of economic injury suffered. The interest rate is 3.75% for businesses and 2.75% for non-profits. Maximum term is 30 years. The SBA considers credit history of the applicant and determines the loan term and monthly payments based on the applicant's financial position.

The emergency **loans** are not forgiven (except for emergency advances, see below for those details).

Loans can be used to cover:

- Payroll,
- Fixed debts (like mortgages but not on federal debts),
- Accounts payable,
- Rent and other operating expenses.

Emergency EIDL Advances – and how they can turn into grants

The CARES Act included language and funding for the SBA to provide businesses with advances of up to $10,000 for EIDL loans. These loan advances are supposed to be available within three days of the application (although this has not occurred for many EIDL advances so far). When these quickly accessible funds are used for allowable purposes, these advances become grants. Once these advances are deemed grants, the business is not required to pay the advance amount back. In the previous round of *CARES Act* funding these EIDL advances were limited to $1,000 if you had no employees (owners only) and $1,000 per employee (nothing additional for owners) if you have employees. Being given or not given an advance does not necessarily indicate the eligibility for a larger loan.

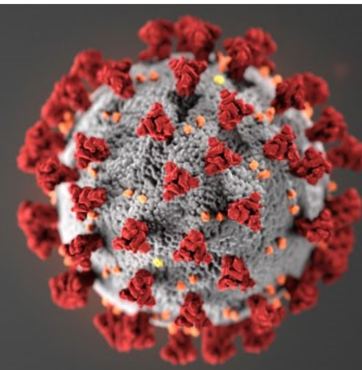
Can Businesses Apply for both the EIDL and Paycheck Protection Program (PPP)?

A borrower can generally obtain both an EIDL and PPP; however, the proceeds may not be used for the same purposes. A borrower still must meet eligibility requirements for each program individually. If a business receives an EIDL advance/grant, it will be subtracted from the forgivable PPP loan amount.

If an application has already received other disaster assistance that must be declared in the application.

On May 12, University of Wisconsin-Madison Division of Extension and the Wisconsin Small Business Development Centers co-hosted a webinar to discuss the PPP and EIDL specific to farmers. The full one hour and 15 minute recording can be found here: **https://youtu.be/i2YJ9r_6ibg**

COVID-19 Guidance for Farm Employers



Trisha Wagner
Extension Farm Management Outreach Program Manager

Farms have unique challenges with the rapidly spreading COVID-19. Make sure your employees understand that your primary concern is their health and the health of their families, and measures are in place to ensure long and productive careers at your farm.

Organize your communication to keep employees informed on local developments, staffing shortages, shipments and deliveries. Provide information at set times and (or) a central location to ease anxiety and ensure employee questions are answered. Keep your message simple and inform employees of what is happening, what the farm is doing and what employees need to do. **Take these steps now to minimize the impact COVID-19 has on your farm and minimize risk to family and friends.**

- **Require that *sick* employees to stay home, emphasize respiratory etiquette, and hand hygiene by all employees and provide special attention to workers at high risk (older workers and underlying health conditions):**
  - Farm workers who arrive at work feeling ill or become sick while at work should be isolated from other employees and sent home immediately.
  - Place posters that encourage staying home when sick, cough and sneeze etiquette, and hand hygiene at entrances and within your workplace where they are likely to be seen.

- **Perform routine cleaning:**
  - Routinely clean all frequently touched surfaces in the workplace, and visit the detailed cleaning and sanitizing recommendations.
  - Take extra sanitation precautions in employee breakrooms, rest rooms, and other areas where your team meets. Wipe down surfaces like countertops, light switches, food preparation areas, commonly used equipment, time clocks, tool handles, steering wheels, and doorknobs.
  - Encourage employees to wash their hands with soap and warm water for at least 20 seconds and provide *hand sanitizer* that contains a minimum of 60% alcohol.

- **Provide accurate information and instructions from trusted sources:**
  - Wisconsin-specific information about COVID-19 including fact sheets in English, Chinese, Spanish, Hmong (WI Department Health Services)
  - Employees who are well but who have a sick family member at home with COVID-19 should notify their supervisor and refer to CDC guidance for how to conduct a risk assessment of their health.
  - If an employee is confirmed to have COVID-19, employers should inform fellow employees of their possible exposure to COVID-19 in the workplace but maintain health record confidentiality and refer to CDC guidance for how to conduct a risk assessment of their health.
  - Information on medical attention and health insurance including telemedicine (a doctor's visit on a computer, smart phone or tablet) fact sheets in English and Spanish (UW-Madison)

- COVID19 is caused by a *novel* coronavirus (unique to other coronavirus) and there is no approved vaccine for COVID-19. This pandemic disease has caused a global crisis. Discourage all travel at this time and encourage "social distancing" as the best way to show concern for family and friends here or in a different country.

Badger Crop Connect

Dan Marzu
Lincoln/Langlade Counties, Agriculture Educator

Badger Crop Connect is a new crop production webinar series developed by the University of Wisconsin-Madison Extension Crops and Soils Program for the 2020 growing season. Badger Crop Connect's goal is to bring agronomists, crops consultants and farmers timely crop updates for Wisconsin. Presenters include UW-Madison Exension State Specialists and County Educators. This bi-weekly webinar series is planned to continue through September. Certified Crop Adviser Continuing Education Units will be applied for each webinar.

Registration information, presentation materials and additional resources from the webinars will be posted to this website https://fyi.extension.wisc.edu/grain/badger-crop-connection/

Please direct any questions to Extension Agriculture Educators Mike Ballweg michael.ballweg@wisc.edu or Dan Marzu dan.marzu@wisc.edu.

The webinar series is sponsored by University of Wisconsin-Madison Division of Extension with special support from the following Extension Educators: Mike Ballweg-Sheboygan County, Dan Marzu-Lincoln and Langlade Counties, Nick Baker-Rock County, Josh Kamps-Lafayette County, Jerry Clark-Chippewa County and Kimberly Schmidt-Shawano County.

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