



Extension

UNIVERSITY OF WISCONSIN-MADISON

# Chippewa Valley Agricultural Extension Report

**Dunn County - 715-232-1636**  
Katie Wantoch - Agriculture Agent  
<http://dunn.extension.wisc.edu>

**Eau Claire County - 715-839-4712**  
Lyssa Seefeldt - Agriculture Agent  
<http://eauclaire.extension.wisc.edu>

**Chippewa County - 715-726-7950**  
Jerry Clark - Agriculture Agent  
<http://chippewa.extension.wisc.edu>

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### Extension Programming during COVID-19

Extension continues to follow the guidance of the CDC, Wisconsin DHS, the governor, and the UW-Madison campus. Right now the best guidance is physical distancing and isolating the COVID-19 virus. Limiting contact limits the spread of the virus.

Our priority is the health of ourselves, our coworkers, our neighbors, and everyone in our communities. Extension educators are telecommuting and ready to answer questions or assist with any educational information that you may need.

Our work throughout this pandemic has been effective. We've been keeping youth and older populations connected. We are providing loan and grant tools for non-profits, businesses, and farmers. We are giving guidance to farmers to assist with operations. We are providing financial resources for families impacted by financial turmoil. Those efforts are still needed by our communities and remain a focus of Extension moving forward.

### Managing a farm during COVID-19 – resources for farm employers and employees

The COVID-19 pandemic has become much more serious and has brought the need for business health, safety and continuity planning to the forefront. Now is the time to communicate with employees and family members regarding plans to keep them safe, healthy, and working. "While much of the negative impact on agriculture by COVID-19 is out of our control, there are things you can do now to reduce or prevent the impact of COVID-19 on the health and productivity of your farm," said Jim Versweyvel, University of Wisconsin-Madison Division of Extension Walworth County Agriculture Educator. "First and foremost, please take care of yourself. Secondly, Extension has many resources for managing a farm during COVID-19 at our website—<https://farms.extension.wisc.edu/coronavirus>."

### Dunn County Buildings to Remain Closed to the Public

The Dunn County Government Center will remain closed to the general public (except by appointment) until further notice. The public will be notified in the event of any change to this policy.

Members of the public may enter Dunn County buildings by appointment only. Anyone entering the building will need to answer health screening questions and wear a mask during their appointment. Persons needing to do business with Extension can call 715-232-1636 to schedule an appointment. The buildings will remain locked and customers with pre arranged appointments will be given instructions on safety practices.

An EEO/AA employer, University of Wisconsin-Extension provides equal opportunities in employment and programming, including Title VI, Title IX, and ADA/504 requirements. Requests for reasonable accommodations for disabilities or limitations should be made prior to the date of the program or activity for which it is needed. Please do so as early as possible prior to the program or activity so that proper arrangements can be made. Requests are kept confidential.

## Plan, Prevent and Prepare

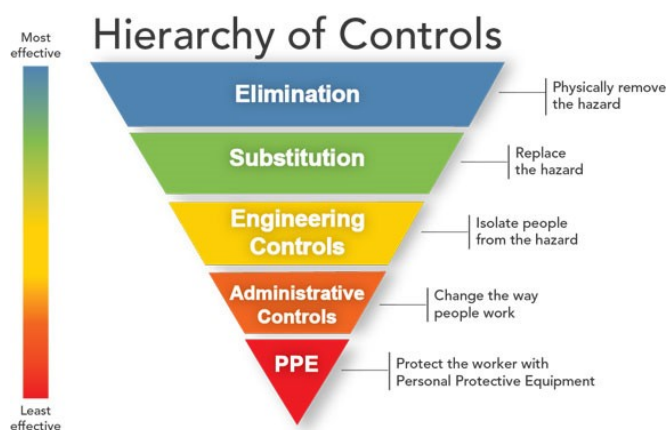
John Shutske, Professor and Extension Agricultural Safety and Health Specialist

Back in the “old” days when I was a graduate student studying agricultural safety and worker health, it upset me to see the bumper sticker that read “Sh!t Happens.” After all, I was passionate about my future role as an extension specialist—hopefully helping farmers to proactively prevent injuries, deaths, health problems, or disasters that have such big impact on our industry. But, later, I learned that “it” does happen!

Still, there are so many things that happen on farms that result in billions of dollars in losses that can be prevented. Or, perhaps dealt with in a more timely way by thoughtful planning and preparedness. This philosophy was also cemented for me after school when I spent three years working for the country’s largest farm insurance company. The importance of planning has also been shown in the spotlight with the 2020 global pandemic.

The federal government published detailed farm guidelines specific to COVID-19 (<https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-agricultural-workers.html>). These CDC best-practices are important for all farms and contain procedures that can be adapted for dairy farms. The guidelines also have principles crucial for any farm safety, health, or disaster situation—not just COVID-19. Here are highlights:

**Plan** – The most critical thing that makes the difference between an unexpected event and a massive “disaster” is TIME. Without a detailed plan, precious minutes or hours are wasted. If a person is badly injured, the first few minutes can be the difference between life and death. If COVID-19 hits a farm, immediate isolation of the sick worker and insuring they are healthy before returning to work is critical. A few hours



of exposure to a worker or family member shedding virus can result in everyone on the farm getting sick. Planning activities should involve lots of input from ALL on the farm.

**Prevent** – The CDC guidelines contain an important nugget of information critical to ALL safety efforts—the “hierarchy of safety.” (<https://www.cdc.gov/niosh/topics/hierarchy/default.html>) In simple terms, it is far more effective to eliminate hazards or use carefully engineered safety devices than to expect personal protective equipment to fully protect people. For dairy operators and safety consultants, further study of this safety hierarchy is highly recommended!

**Prepare** – Yep...In my 35 years since grad school, I have learned that bad stuff DOES happen. Sometimes it has been predicted. But, often, we do not heed the advice. It is human nature. Preparedness is about having plans in place for the events that you identify in your planning processes. It includes actions like taking first aid classes. Or, having fire extinguishers in key locations. Or, establishing critical relationships and protocols with local clinics and healthcare resources in your community so that if something unexpected DOES happen, you can act quickly and effectively to protect people, your operation, and your future.

## End of Year Considerations and 2020 Tax Planning

Katie Wantoch, UW-Madison Division of Extension Agriculture Educator, Dunn County

What happened in 2020 that has created this important need for cash basis farmers to seek trusted advice for year-end considerations? Net farm income (a broad measure of profits) in the United States is forecasted to increase 22.7 percent (\$19.0 billion) to \$102.7 billion in 2020, according to USDA Economic Research Service (ERS) (<https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/>). If adjusted for inflation, net farm income in 2020 would be 25.4 percent below its peak in 2013 (\$137.6 billion), but still 13.8 percent above 2000-2019 average (\$90.2 billion).

The projected increase in net farm income is despite forecasted declines of cash receipts (income) for all commodities of 3.3 percent (\$12.3 billion) to \$358.3 billion in 2020. Higher cash receipts for fruit and nuts is expected to more than offset the loss for corn, soybeans, and wheat. Total animal and product cash receipts are expected to decrease 8.1 percent (14.3 billion) in 2020. Total production expenses are forecasted to decrease 1.3 percent (\$4.6 billion) in 2020 to \$344.2 billion. Interest expenses and livestock purchases are expected to drop, but fertilizer and cash labor expenses are forecasted to slightly offset this decline.

### Government Payments Significantly Increase in 2020

Direct government farm payments – which include Federal farm program payments paid directly to farmers – are expected to be the significant difference in 2020 and are forecasted to increase \$14.7 billion (65.7 percent) to \$37.2 billion. The anticipated increase is due to supplemental and ad hoc disaster assistance for COVID-19 relief, including payments from the Coronavirus Food Assistance Program (CFAP) (\$16 billion) and the Paycheck Protection Program (PPP). Although administered as a "loan," the PPP loans may be forgiven if the program's requirements are met. These loans are treated as a direct payment to farmers by ERS and forecasted at \$5.8 billion in 2020. In addition, farmers received Market Facilitation Program (MFP) payments authorized in 2019 but paid in 2020 (3rd round of payments or 25% of total MFP payments). Crop farmers may see payments under the Agriculture Risk

Coverage (ARC) program or Price Loss Coverage (PLC) program. The Dairy Margin Coverage Program, which replaced the Dairy Margin Protection Program in the 2018 Farm Bill, is forecast to make net payments of \$200 million to U.S. dairy operators in 2020.

### Income Bunching

Farmers have experienced a number of challenges in 2020. COVID-19 has caused many ripple effects in the U.S. and among communities in Wisconsin. Unexpected payments may have assisted farmers in weathering 2020 a little better than anticipated. Proper management of this income bunching is important to maximize its benefit when tax planning.

Many of the government program payments must be included in a farmer's gross income in the year that it was received. These payments were issued as a result of a market disruption or price loss and will be taxed as ordinary income. Government program payments are reported on lines 4a and 4b of IRS Form 1040, Schedule F. See Schedule F Instructions, page 4 (<https://www.irs.gov/pub/irs-pdf/i1040sf.pdf>). In addition, this income will be subject to self-employment tax for farmers. Federal and State government program payments that farmers may have received in 2020 include:

- ARC & PLC program payments (received October or November)
- CFAP-1 and CFAP-2 payments (received June, August, September - December)
- MFP payments (received January or February)
- Wisconsin Farm Support Program (received July or August)

### Defer Payments

Farmers may receive crop insurance payments in 2020 as a result of crop damage, drought, freeze, or other crop losses (destruction of crops). In most cases, a farmer must report crop insurance proceeds in the year received. Under some circumstances, the crop payment may be deferred to the following year's income if a farmer typically sells the crop the year following its harvest. Payments from revenue insurance that covers the combination of yield risk (poor crop yields) and price risk (low prices) can be postponed only to the extent they are paid for yield risk.

*(Continued on page 4)*

## End of Year Considerations and 2020 Tax Planning cont'd

*(Continued from page 3)*

Also, farmers may have crop and livestock sales that were planned and some that were unexpected. Farmers may want to defer income from commodity sales by utilizing a deferred payment contract and receiving payment the following year. Flexibility is a key feature of these contracts since a farmer may elect to report this income in 2020 or defer the receipts to 2021.

Deferred payment contracts may be done on a contract-by-contract basis with small or large amount of commodity sales over one or multiple contracts. See IRS Farmers (ATG) Chapter Nine – Grain ([https://www.irs.gov/pub/irs-utl/farmers\\_atg\\_chapter\\_9.pdf](https://www.irs.gov/pub/irs-utl/farmers_atg_chapter_9.pdf)).

### Other COVID Relief Payments

Many Americans received their economic impact payment, also called stimulus payment or recovery rebate credit, authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These were \$1,200 payments (\$2,400 for a couple) and \$500 for children under 17 years of age. This payment is not income and taxpayers will not owe tax on it. See IRS COVID Tax Tips 2020-55 (<https://www.irs.gov/newsroom/what-people-really-want-to-know-about-economic-impact-payments>).

A farmer may have received a Paycheck Protection Program (PPP) loan in 2020. As with several government programs during the COVID-19 pandemic, rules and guidance on these programs are always evolving. Current Treasury rules do not allow deductions for expenses paid with forgiven PPP loan proceeds. Current rules indicate forgiven PPP proceeds will not be included in taxpayer's gross income and expenses paid with forgiven proceeds (such as payroll costs) will not be deductible, ultimately avoiding a double tax benefit. Discuss this issue with an accountant or tax preparer for guidance. If a loan hasn't yet been forgiven, the expenses remains deductible. Though the PPP proceeds that are later forgiven could trigger the recovery of these expenses, resulting in income that must be recognized and a future tax liability. If a farm has used all the PPP proceeds even before the 24-week covered period, working on the forgiveness application in tandem with tax preparation may be very helpful for this unprecedented year.

Some farmers also received Economic Injury Disaster Loan (EIDL) advances in the amount of \$1,000 per employee (up to maximum of \$10,000). These advances (called grants by Small Business Administration) may reduce PPP loan forgiveness. Because the CARES Act does not exclude EIDL grants from gross income (as it does a forgiven PPP loan), these payments should be reported in a farmer's gross income unless additional guidance is provided by IRS.

### End of Year Tax Planning

Farmers have several tools available to assist with managing their tax liability, however some of these tools need to be taken advantage of prior to December 31, 2020. Avoiding income spikes and dips prevents overall income from being taxed at unnecessarily high tax rates. Consult with a trusted tax professional to discuss if one of these options may work best for your farm business.

- Prepay farm inputs. Most farmers already understand this but more IRS audit activity on these payments report deposits do not qualify as prepayments. To qualify, prepays should:
  - Have a stated farm input (seed, gas, diesel, fertilizer, chemicals, etc.),
  - Have a stated quantity,
  - Have a stated price per unit,
  - Not allow for a substitution, and
  - Should not exceed 50% of farm expenses (in most situations).
- Income averaging.
- Retirement account contributions.
- Gift commodities to charity.
- Timing purchase or sale of assets.
- Managing depreciation of assets.

Please visit UW Division of Extension's Farm Management website at <https://>

[farms.extension.wisc.edu/](https://farms.extension.wisc.edu/) for more information.



## Fertility Planning on Fields with Crop Residue Removal

Lyssa Seefeldt, UW-Madison Division of Extension Agriculture Educator, Eau Claire County

The 2020 growing season has been a good one for much of Wisconsin. The weather this fall has favored timely crop harvest with early corn drydown and favorable soil conditions. Forage and bedding stocks across the state were at an all-time low in 2019, according to the USDA National Agriculture Statistics Service for Wisconsin, putting pressure on farms to rebuild some reserves. Many farms have been observed doing just that, harvesting corn stover/residue into bales for bedding.

While these stover bales can definitely be an asset to the livestock side of the farm, what should we be thinking about as we go into our winter planning for fertility of our fields with crop residue removed for the coming year?

Soil organic carbon is generated by decomposing animal and plant tissues and microbes that are decomposers. When we remove the stover for bedding material, we are also removing carbon from our soil ecosystem, which can lead to a reduction in soil organic carbon levels and productivity.

This reduction of productivity is due to several things. Soil organic matter serves as a slow-release nutrient base in your soil. Organic matter also improves water infiltration and may increase water-holding capacity. Increased erosion due to the decrease in soil cover/residue is another factor in the reduction of productivity.

A lack of crop residue on your soil means that you may need to avoid driving on any sloped parts of a field, especially during wet portions of the fall and winter. The slopes will be less protected and more prone to soil disturbance or erosion. These may be areas that you want to get into a more permanent forage cover crop to protect the soil.

One of the best ways to plan for your future production is to make sure you are keeping up on your soil testing. Your soil test should be one that was taken in the last four years. If it has been more than four years since your last soil test, you will want to get that completed prior to any planting or soil amending for the coming season. You don't know where you are headed if you don't know where you have been. Soil testing will give you tailored recommendations for your planned rotations with minimal cost involved and recommendations that are based on the soil type. It will help take much of the "guesswork" out of soil fertility planning.

Sometimes, as part of our nutrient management planning for our fields, we are looking to draw down nutrient levels that may have been applied in excess in the past. Maybe the soil test indicated "excessive" or "very high" in a particular nutrient, in which case,

drawing down the level is okay, perhaps even desirable. This is an important point to recognize as we are planning for fertilizer needs in the coming season.

Each ton of corn stover removed from the field is removing five pounds of P<sub>2</sub>O<sub>5</sub> and 32 lbs of K<sub>2</sub>O from your soil. Of course, this number varies based on a variety of factors, but will provide a framework for thinking about what you may need to replenish when you are planning for your next crop.

We also may need to think about what kinds of impacts the types of fertilizer have on the field. Commercial fertilizer can make it easy to customize a blend to your field needs. Using manure from a dairy may require a bit of legwork ahead of time to get the best blend of getting manure applied in a timely fashion, but also where it will do the most good. Manure can be trickier to utilize because there is more variability in nutrient composition compared to a commercial blend. Having your manure tested to determine the actual nutrient content will yield the best results when planning for field fertility. It is important to know how much of each nutrient you are actually applying so that you can make adjustments tailored to the needs of the crop planted in the field. If you are unable to test the manure, the "book values" from the fast facts factsheet can be a starting point for your planning purposes.

Depending on the next crop that will be planted on the field, cover crops may be an option to protect the soil. An early spring-seeded cover crop of oats, barley, wheat, or triticale may help protect soil health as a "nurse" crop for establishment of a legume crop or mixed legume/grass crop. Or spring-seeded cover crops such as crimson or berseem clover can help protect soil until an early summer planting of corn or wheat can be established.

Planning for fertility during the winter season, on fields that have crop residue removed, will allow you to get the most out of your fields while protecting the soil health.

Manure information to help with your field fertility planning available at <https://ipcm.wisc.edu/download/pubsNM/NutrientManagementFastFacts.pdf>.



## Farm Ready Research webinar series

Whether you're interested in dairy production, livestock production, or farm management, the University of Wisconsin-Madison Division of Extension's Farm Ready Research webinar series has the most up-to-date information for you.

Beginning in December 2020 and continuing through April 2021, Extension experts will host webinars throughout the week on topics ranging from determining cost of production to preventing on-farm injuries to navigating your farm business. Visit [go.wisc.edu/FarmReadyResearch](http://go.wisc.edu/FarmReadyResearch) to see the full list of topics and to register for sessions.

There is no charge to participate in the sessions, but pre-registration is required to allow access to the session. Extension recognizes that producers are receiving information for a lot of meetings this winter; the Farm Ready Research webinar website [go.wisc.edu/FarmReadyResearch](http://go.wisc.edu/FarmReadyResearch) is your place to find all information about UW-Madison Extension Agriculture programs.

"With so many webinars replacing in-person meetings, Extension created a 'one-stop shop' for information and registration for agriculture programs," said Trisha

Wagner, Extension Farm Management Program Manager. "A producer might be looking for one specific topic on this website but end up finding other webinars of interest to attend."

A sample week of Extension agricultural webinars begins on Tuesdays with Badger Dairy Insight from 1-2:30 p.m. and Wisconsin Beef Special Edition from 7-8:30 p.m.; Wednesdays focus on Small Ruminants from 7:30 – 9 p.m.; and then it's Farm Management Fridays from 11 a.m. – noon.

- Badger Dairy Insight topics provide guidance about farm safety and information for dairy farms of all sizes to remain competitive and profitable.
- Wisconsin Beef Special Edition combines content from UW-Madison Extension Cow/Calf Days and Wisconsin Cattle Feeder Workshops.
- Small Ruminant Series topics range from direct marketing to lamb care, forage analysis, and pasture management.
- Farm Management Fridays will highlight farm

business management information, resources and decision-making tools for farmers and agribusinesses to improve business profitability and lifestyles through informed decision-making.

*"Not all series run every week, so please check the online schedule that also includes more information about each session,"* said Megan Nelson, Extension Livestock Program



### FARM READY RESEARCH

Join Extension's webinar series to learn the most up-to-date information on topics from dairy production to livestock production to farm management resources. Sessions begin December 2020.

See the full list of topics at [go.wisc.edu/FarmReadyResearch](http://go.wisc.edu/FarmReadyResearch)



## Calendar of Events—webinar educational sessions

### Jan 2021

- 8 Farm Management Fridays: Navigating Your Farm Business through 2021—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 11 “Coffee Chat” - Tax Preparation Issues and Concerns - *Register at <https://fyi.extension.wisc.edu/hearttothefarm/conferences/coffee-chats/>*
- 12 **Wisconsin Beef Special Edition Webinar Series: An Update on Mineral and Vitamin Needs for Beef Cattle\***—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 12 Badger Dairy Insight: Preparing for an Emergency—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 15 Farm Management Fridays: In it for the long haul—Cash flow during a Crisis—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 19 Badger Dairy Insight: Raiding Them Right: Calf and Heifer Health—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 20 Small Ruminants: Basic Lambing Skills for the Beginning Shepherd—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 22 Farm Management Fridays: Farm-gate Economic Outlook forum—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 26 Badger Dairy Insight: Emerging Reproductive Strategies: Using IVF embryo transfer—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 26-28 Driftless Region Beef Conference—*Register at <http://www.aep.iastate.edu/beef/>*

### Feb 2021

- 2 Badger Dairy Insight: Animal care on the farm and beyond—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 5 Farm Management Fridays: Standing Strong and Resolute as a Guardian of Your Equity—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 8 “Coffee Chat” - How to Read and Understand your Milk Check- *Register at <https://fyi.extension.wisc.edu/hearttothefarm/conferences/coffee-chats/>*
- 9 **Wisconsin Beef Special Edition Webinar Series: Management of Newly Weaned Calves in the Feedlot\***—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 19 **Farm Management Fridays: Is Fair Equal?** - *Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*
- 23 **Wisconsin Beef Special Edition Webinar Series: Hairy Heel Wart: A Threat for the Health and Production of Cattle in Beef Operations\***—*Register at [go.wisc.edu/FarmReadyResearch](https://go.wisc.edu/FarmReadyResearch)*

### Extension Agriculture Agents/ Area of Focus

#### Dunn County

Katie Wantoch  
Farm Financial Management  
3001 US Hwy 12 East,  
Suite 216  
Menomonie, WI 54751

Phone: 715-232-1636  
Fax: 715-231-6687  
Email:  
katie.wantoch@wisc.edu

#### Eau Claire County

Lyssa Seefeldt  
Dairy and Livestock  
227 1st Street W  
Altoona, WI 54720

Phone: 715-839-4712  
Fax: 715-839-6277  
Email:  
lyssa.seefeldt@wisc.edu

#### Chippewa County

Jerry Clark  
Crops and Soils  
711 North Bridge Street  
Chippewa Falls, WI 54729

Phone: 715-726-7950  
Fax: 715-726-7958  
Email:  
jerome.clark@wisc.edu

#### Chippewa, Dunn, & Eau Claire Counties

Margaret Murphy  
Horticulture  
711 North Bridge Street  
Chippewa Falls, WI 54729

Phone: 715-726-7950  
Fax: 715-726-7958  
Email:  
margaret.murphy@wisc.edu



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\*Beef Quality Assurance (BQA) education credits will be available for those currently certified upon completion of session.