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Farm Bill - 2014 FAQs

Mar 14, 2014

Q. What exactly is the Supplemental Coverage Option (SCO)?

A: SCO is a county level revenue or yield based optional endorsement that covers a portion of losses not covered by the deductible of the same crop's underlying policy. Indemnities will be payable once a 14 percent loss has occurred in the county, and individual payments will depend upon coverage levels selected by producers. Any crop for which Agricultural Risk Coverage (ARC), which is offered by the Farm Service Agency (FSA), is elected on the farm will not be eligible for SCO coverage on that farm. The premium subsidy is 65 percent. Producers may not enroll a crop in both SCO and Agricultural Risk Coverage (ARC), which is offered by the Farm Service Agency (FSA). However, producers may participate in both SCO and Price Loss Coverage, another program administered by FSA.

Q. What if I decide I want to enroll into the ARC program after I've selected SCO coverage for winter wheat?

A: Producers who enroll their winter wheat in SCO may elect to withdraw from SCO prior to their acreage reporting date without any penalty. This allows producers additional time to make an informed decision related to whether to enroll in the Agricultural Risk Coverage (ARC) or the Price Loss Coverage (PLC) program. If they choose ARC, they will not be charged a crop insurance premium so long as they withdraw from SCO prior to their acreage reporting date.

Q. Is the one time opt-out of the SCO Endorsement for fall planted wheat (winter wheat) only available if the producer elects ARC?

A: The one-time opt-out can be used whether or not the producer actually elects ARC. The one time opt-out for fall planted wheat is intended for producers who elect or intend to elect ARC. However, the ARC/PLC election will most likely be made after the earlier of the acreage reporting date or December 15, 2014. Therefore, due to farm program timing, there will be no sanction or penalties for producers using this opt-out regardless of whether they elect ARC, PLC, or no FSA farm program at all.

Q. Will I be able to purchase SCO for the 2015 crop year?

A: It depends. RMA is making every effort to offer SCO to as many producers as possible. SCO will be available for corn, grain sorghum, rice, soybeans, spring wheat, and winter wheat in selected counties for the 2015 crop year. Program details and eligible counties will be made available in the early summer of 2014.

Q. What exactly is the Stacked Income Protection Plan for Producers of Upland Cotton (STAX)?

A: STAX protects against county wide revenue losses and can supplement a producer's underlying cotton policy, or be purchased as a standalone policy. Producers can elect coverage of up to 20 percent of expected county revenue, depending on the coverage level of their individual cotton insurance policy. STAX payments begin when county revenue falls below 90 percent of its expected level. The premium subsidy for this coverage is 80 percent. Any acres covered by a STAX policy may not be covered by a SCO optional endorsement.

Q. Will I be able to purchase STAX for the 2015 crop year?

A: It depends. RMA is making every effort to offer STAX to as many producers as possible. STAX will be available in selected counties for the 2015 crop year. Program details and eligible counties will be made available in the summer of 2014.

Q. I have heard that the farm bill has provisions that will both help new and beginning farmers purchase crop insurance and enhance the crop insurance beginning farmers already have.

A: Yes, a beginning Farmer and Rancher will be exempt from paying the \$300 administrative fee for catastrophic coverage policies, and receive premium subsidy assistance for additional coverage policies that is 10 percentage points greater than what is otherwise available.

It defines a "beginning farmer and rancher" to be a person who has not actively operated and managed a farm or ranch with a bona fide interest in a crop or livestock as an owner-operator, landlord, tenant or sharecropper for more than 5 years. In addition, in certain instances, a beginning farmer may use the production history of another farm operation they were previously involved with in the decision making or physical involvement in the production of the crop.

Lastly, if the beginning farmer experiences a poor yielding crop, they may replace the poor yield in their yield history for determining next year's guarantee with 80 percent of the county T-Yield, which is 20 percentage points higher than they previously would have received.

Q. Is there anything available for Whole Farm policy coverage?

A: The Federal Crop Insurance Corporation Board of Directors approved a new Whole-Farm Revenue Protection policy on May 8, 2014. The new policy is being offered as a pilot program and is expected to be available for the 2015 crop year.

Q. Will there be a peanut revenue policy available?

A: RMA was directed to provide a revenue crop insurance policy for peanut producers. A private submitter has been working on a policy and if the submission is approved by the FCIC board this fall it is possible to have this available in the future.

Contact Information

For more information, contact [John Shea](#).