MGR-25-001: Stacked Income Protection Plan and Supplemental Coverage Option Reporting Requirements for the 2025 Crop Year

View PDF

Date

January 31, 2025

To

All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

From

Heather Manzano, Acting Administrator /s/ Heather Manzano

Subject

Stacked Income Protection Plan (STAX) and Supplemental Coverage Option (SCO) Reporting Requirements for the 2025 Crop Year

BACKGROUND:

The STAX and SCO programs administered by the Risk Management Agency (RMA) have insurability limitations based on the producer's enrollment or election status in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, which are administered by the Farm Service Agency (FSA). The STAX policy requires producers to report the enrollment status of their acreage in ARC or PLC. The SCO endorsement requires producers to report the election status of their farm for ARC and PLC.

The *American Relief Act, 2025*, signed into law on December 21, 2024, extended the authority for the ARC and PLC programs authorized under the *Agriculture Improvement Act of 2018* (also known as the 2018 Farm Bill) through September 30, 2025. The provisions of law applicable to ARC/PLC covered commodities for the 2024

crop year were made applicable to the 2025 crop year. As a result, FSA created an election/enrollment period for ARC and PLC for the 2025 crop year lasting until April 15, 2025. However, under section 3(b)(6) of STAX, insurability is based on the enrollment status of acreage as of March 15 of the crop year, resulting in a misaligned reporting requirement for producers.

ACTION:

RMA Sales Closing Date(s) will not be changed. However, for STAX in the 2025 crop year, RMA is extending the date when insurability based on enrollment status is determined to be April 15 in order to align with the election/enrollment period announced by FSA. Producers will be held to the enrollment selection they made at FSA as of April 15, regardless of whether they later withdraw from ARC or PLC. Producers are also reminded to ensure accurate reporting of election status for SCO by the acreage reporting date for the insured crop.

FSA will provide RMA with ARC and PLC election and enrollment data soon after April 15, which will also be provided to Approved Insurance Providers, as applicable, to process STAX/SCO policies.

Additional information can be found on RMA’s website in the Frequently Asked Questions: Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Interaction with the Supplemental Coverage Option (SCO) and the Stacked Income Protection Plan (STAX).

DISPOSAL DATE:
December 31, 2025

ATTACHMENT:

Frequently Asked Questions: Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Interaction with the Supplemental Coverage Option (SCO) and the Stacked Income Protection Plan (STAX)

What is the Supplemental Coverage Option (SCO)?
SCO is a crop insurance option that provides additional coverage for a portion of your underlying crop insurance policy deductible.

Do I need to purchase a crop insurance policy in order to purchase SCO?
Yes, you must purchase SCO as an endorsement to a Yield Protection, Revenue Protection, or Revenue Protection with the Harvest Price Exclusion policy or to the Actual Production History policy for crops that don't have revenue protection available. The Federal Government pays 65 percent of the premium cost for SCO.

Does electing ARC or PLC affect my eligibility for SCO?
Yes, SCO eligibility is linked to whether you have elected ARC for the farm and commodity. You may not participate in SCO on a farm if base acres for the crop have elected ARC. Electing PLC will not make a commodity ineligible for SCO.

- Example 1: If you have a farm with corn base acres and elect ARC and plant corn then you may not participate in SCO.
- Example 2: If you have a farm with corn base acres and elect ARC but plant soybeans, you may purchase SCO on the soybeans.
- Example 3: If you have a farm with corn base acres and elect PLC and plant corn then you may participate in SCO.

If I elect ARC for one crop, but PLC for another, can I still get SCO?
Yes, you can still get SCO coverage for the acreage for which you elect PLC. ARC/PLC elections and SCO coverage are all done on a crop-by-crop basis. Each crop will have its own policy and own ARC/PLC acreage report on which ARC/PLC elections will be reported.

If I elect ARC but do not enroll my share during the annual enrollment period can I get SCO?
No, the election of ARC for crop on the farm makes all acres of the crop on that farm ineligible for SCO for all producers, even if those acres are not enrolled on a producer's share of the crop.

If I purchase SCO, when and how do I report which farms I have elected and enrolled in ARC/PLC?
Farms that you have a share in that elected ARC must be reported on your acreage report. If it is discovered you have incorrectly reported and the information determined to be correct results in acreage that is ineligible for SCO the acreage will be ineligible for any SCO indemnity and you will still be required to pay 60 percent of the premium due. For 2025 only, RMA will use election data provided by FSA as of April 15, 2025.

What is Stacked Income Protection Plan (STAX)?
STAX is a crop insurance product for upland cotton and cottonseed that provides coverage for a portion of the expected revenue for your area. Most often your area will be your county, but may include other counties or practices if data is limited.

Do I need an upland cotton policy to purchase STAX?
STAX may be purchased on its own, or in conjunction with another cotton policy, including Yield Protection, Revenue Protection, Revenue Protection with the Harvest Price Exclusion, and any of the Area Risk Protection Policies. The Federal Government will pay for 80 percent of the premium cost for STAX.

Does electing Agriculture Risk Coverage (ARC) cause a farm to be ineligible for STAX? What about Price Loss Coverage (PLC)?
Electing ARC or PLC does not cause a farm to be ineligible for STAX coverage. However, STAX coverage is affected by ARC/PLC enrollment decisions. Enrolling seed cotton base on a farm in ARC/PLC makes that farm ineligible for STAX.

Can I have STAX coverage and enroll my seed cotton in ARC/PLC on the same acreage?
No. Enrolling a farm in seed cotton ARC/PLC makes the farm's seed cotton or upland cotton ineligible for STAX coverage.

- Example 1: If you have a farm with seed cotton base acres and elect and enroll in ARC or PLC and plant upland cotton you may not participate in STAX.
- Example 2: If you have a farm with wheat base acres and elect and enroll in ARC or PLC and plant upland cotton you may participate in STAX.
- Example 3: If you have a farm with seed cotton base acres and elect but do not enroll in ARC or PLC but plant upland cotton you may participate in STAX.

What is the difference between an election and an enrollment?
For election, all producers with interest in a farm must make a unanimous choice of either ARC or PLC for the crop, which will apply to all acres on the farm. Once ARC or PLC has been elected for the farm, each producer must annually enroll their respective share to be eligible for payment.

Can a producer get STAX coverage on a farm with seed cotton base acres? What if the producer has no seed cotton base acres?
Yes. A farm's upland cotton is eligible for STAX if seed cotton base acres are not enrolled in ARC/PLC for that year. STAX eligibility is not affected by ARC/PLC

enrollment on a farm that has no seed cotton base acres or no seed cotton base acres enrolled.

If a producer purchased STAX and decides not to enroll a farm in ARC/PLC for seed cotton for a particular year, can they enroll in ARC/PLC for other commodities on the farm?
Yes. Enrolling commodities other than seed cotton in ARC/PLC will not make the farm's upland cotton ineligible for STAX coverage.

If a producer has more than one farm and chooses not to enroll one of them in ARC/PLC is that farm eligible for STAX?
Yes, if the producer has purchased STAX, STAX coverage will apply to all acreage on farms in the county that do not have base acres enrolled in seed cotton ARC/PLC (unless those acres are uninsurable for a different reason).

If a grower enrolled in ARC/PLC but does not qualify for ARC/PLC payments due to adjusted gross income (AGI) limits, would he be eligible for STAX coverage on farms enrolled in ARC/PLC?
No. Enrolling a farm's seed cotton base acres in ARC/PLC makes the farm's upland cotton ineligible for STAX even if the producer is later found to be ineligible for ARC/PLC payments.

If I want to remain eligible for STAX, will I have the flexibility to enroll my other crop base acres (e.g., corn, soybeans, wheat, sorghum, etc.) in ARC/PLC but choose NOT to enroll my seed cotton base acres in ARC/PLC?
Yes. Your eligibility for STAX on a farm is NOT impacted by ARC/PLC enrollment for any covered commodity other than seed cotton. As long as the farm does not have seed cotton base acres enrolled in an annual ARC/PLC contract, the farm's upland cotton remains eligible for STAX.

If I plant 500 acres of upland cotton on a farm with 200 seed cotton base acres (and those 200 acres are enrolled in an annual ARC/PLC contract) can I have STAX coverage on the remaining 300 acres?
No. Enrolling a farm in seed cotton ARC/PLC makes all upland cotton acreage on that farm ineligible for STAX coverage.

If I have corn base acres enrolled in ARC but I plant upland cotton, am I eligible to purchase a STAX policy?
Yes. As long as the farm does not have seed cotton base acres enrolled in an annual

ARC/PLC contract, the farm remains eligible for STAX.

If I don’t have seed cotton base acres (or only have unassigned base acres), am I eligible for STAX?
Yes. As long as the farm does not have seed cotton base acres enrolled in an annual ARC/PLC contract, the farm’s upland cotton remains eligible for STAX.

Can a producer with a partial share choose not to enroll their share in ARC/PLC while other share owners do enroll in ARC/PLC?
No. All producers with a share in a covered commodity must jointly enroll or not enroll in ARC/PLC for each covered commodity. Only enrolled covered commodities on the farm may qualify for ARC/PLC payments.

The FSA ARC/PLC election deadline is March 15, however, FSA allows me to update my enrollment (i.e., unenroll) until September 30, does that mean I can change my mind up to September 30 to unenroll from ARC/PLC to be eligible for STAX?
No, the September 30 date at FSA is irrelevant for STAX. For crop insurance purposes, you are held to what is elected and enrolled by March 15. For the 2025 crop year only, you will be held to what is elected and enrolled by April 15, 2025.

If I purchase STAX, when and how do I report which farms I have elected and enrolled in ARC/PLC?
Farms that you have a share in that enrolled in ARC/PLC must be reported on your acreage report. If it is discovered you have incorrectly reported acreage as insurable under STAX and the information determined to be correct results in acreage that is ineligible for STAX, that acreage will be ineligible for any STAX indemnity and you will still be required to pay 60 percent of the premium due.

****NEW for 2025** FSA has created an election/enrollment period for the 2025 crop year lasting until April 15, 2025, will that change my reporting requirements under STAX?**
No, your reporting requirements under STAX are the same as for previous years. On your acreage report you must report seed cotton base acres that are enrolled in ARC/PLC as of April 15, 2025, and this information must be provided by the acreage reporting date. For the 2025 crop year the only difference is that insurability under STAX due to on enrollment in ARC/PLC will be based on the enrollment status on April 15, 2025, instead of March 15, 2025.