



US Department  
of Transportation  
**Maritime Administration**

1200 New Jersey Avenue, SE.  
Washington, DC 20590

June 8, 2020

Member of the Class of 2020  
Student Incentive Payment (SIP) Program

**Re: Student Incentive Payment Program Service Obligation**

Dear Cadet:

Within a few weeks, if not already, you will be graduating and joining the distinguished ranks of State Maritime Academy (SMA), Student Incentive Payment (SIP) Program alumni. We congratulate you on this exceptional accomplishment.

As you begin your career, please remember that you are the recipient of a world-class education provided in part by the Federal Government and the American taxpayers. In exchange for SIP funding, you committed to fulfilling a maritime service obligation following graduation. This commitment, which is mandated by law,<sup>1</sup> and restated in the Maritime Administration's regulations,<sup>2</sup> forms part of the Service Obligation Contract you signed upon enrollment in the SIP Program.

The following is a summary of the applicable laws and regulations governing your service obligation to the Maritime Administration (MARAD) and is provided for ready reference. For the full text of the applicable laws and regulations, please refer to 46 USC. § 51509 and 46 CFR § 310.7.

**I. YOUR SERVICE OBLIGATION**

Having successfully completed the course of instruction at the Academy and upon receiving your US Coast Guard (USCG) Merchant Mariner Credential (MMC) with an officer endorsement, your remaining service obligation covers the following four (4) elements:

Service/employment in the maritime industry  
Maintaining your USCG credential;  
Maintaining your reserve commission; and  
Annual compliance reporting.

Your obligation requires the completion of all four elements listed above. The only exception to this is for individuals who, for the five (5) year period following graduation, serve as a commissioned officer on active duty in the Armed Forces of the United States or as a commissioned officer of the National Oceanic and Atmospheric Administration (NOAA), or the US Public Health Service (USPHS). Those graduates who provide five (5) years of honorable

active duty service will be excused from the requirement to maintain a USCG MMC and the Reserve commission requirements of their obligation.

Having committed to fulfilling your service obligation, failure to do so may lead to induction into the US Armed Forces or repayment of the SIP funds you received while enrolled at the Academy.

This section describes how to fulfill your obligation for each element and provides answers to frequently asked questions.

## **SERVICE/EMPLOYMENT IN THE MARITIME INDUSTRY**

### ***A. What exactly does the service/employment portion of my service obligation require?***

The critical component of your service obligation is that for a specified amount of time following graduation, you must sail as a merchant marine officer aboard a U.S.-flag vessel. For SMA SIP graduates, your service/employment requirement is three (3) years.

This includes, but is not limited to, service on any of the following types of vessels provided they are U.S.-flagged vessels: Ocean-going; Military Sealift Command; coastal and inland; tugs and towboats; passenger; and offshore energy vessels, platforms, and drilling units.

For those individuals who meet the service portion of their service obligation by sailing, a satisfactory year of service must be completed each year. A satisfactory year of service is defined as (1) 150 days, or (2) the number of days that is at least equal to the median number of days of seafaring employment under articles achieved by deck or engine officers in the most recent calendar year for which statistics are available. For the purposes of reporting, MARAD has determined that 150 days of service constitutes a satisfactory year of service.

If you are signed on board a vessel in the capacity of a crew member or working as a pilot or in a pilot training program for any portion of a day, that day counts as one day, and one day only towards meeting your service obligation of 150 days per year of service.

Years of service are based on twelve (12) month increments from a graduate's date of graduation. For example, if the graduation date for the Class of 2020 was May 4, 2020, their first year of service runs from May 5, 2020, to May 4, 2021. Graduates are required to sail a minimum of 150 days as a merchant marine officer on a U.S.-flag vessel during this time. After that, they are required to sail a minimum of 150 days each successive service year (May 5, 2021, to May 4, 2022, and May 5, 2022, to May 4, 2023).

This is the primary objective of the service/employment portion of your obligation. While you may potentially satisfy your service obligation through other, alternative, means of service or employment, sailing as an officer aboard a U.S.-flagged vessel is considered the principal method of meeting your obligation.

***B. Can I fulfill my service obligation in any way other than sailing as an officer aboard a US flag vessel?***

Yes. However, there are some regulatory and procedural constraints.

The laws and MARAD regulations that govern your service obligation do allow you to fulfill the service or employment portion of your obligation in several ways. These alternatives fall into two main categories of service: (i) Service that DOES NOT require MARAD approval to qualify as fulfilling service obligation requirements; and (ii) service that DOES require MARAD approval to qualify as fulfilling service obligation requirements.

**i. Service that DOES NOT require MARAD approval to qualify**

MARAD approval is required before any alternative means of employment will be considered as satisfying your service obligation. The sole exceptions are:

- (a) Serving as a Commissioned officer on active duty in the US Armed Forces; or
- (b) Serving as a Commissioned officer in NOAA or USPHS.

Currently, graduates from the SMAs proudly serve in all branches of the US Armed Forces and the NOAA and USPHS Corps. This is an excellent way to fulfill your service obligation while contributing directly to our Nation's security. Five (5) years of honorable active duty service satisfy all portions of your service obligation except your annual reporting requirement. You must report to MARAD annually. If you complete at least five (5) years of honorable active duty service, you do not need to maintain a Reserve commission or maintain a valid USCG credential.

Please note that you still must submit all the required annual reports to MARAD. This includes providing employment information (duty station, address, etc.) since MARAD does not receive this information from the armed services.

If you are on active duty service for less than five (5) years, you are still responsible for the other components of your service obligation.

To reiterate - unless you sail as an officer aboard a U.S.-flagged vessel, or serve as a commissioned officer on active duty in the US Armed Forces, with NOAA or USPHS, your employment does not count towards your service obligation unless MARAD has approved your alternative employment.

***Note: All other alternative categories of employment must be approved by MARAD before any time in such employment will count towards meeting your service obligation.<sup>3</sup>***

**ii. Service that DOES require MARAD approval to qualify**

The potential alternative categories of employment are:

- (a) As a merchant mariner in an unlicensed position aboard a U.S.-flagged vessel;
- (b) As a merchant marine officer aboard a foreign-flag vessel;

- (c) As an employee of the Federal Government in a shoreside position that is significantly maritime-related, and which serves the national security interests of the country; or
- (d) As an employee of a private company in a shoreside position that is maritime-related.

***Note that given the current and projected employment opportunities for graduates aboard U.S.-flag vessels, employment aboard a foreign flag vessel or with a private company in a maritime-related shoreside position will only be approved if a determination has been made by MARAD that you first conscientiously sought an afloat position as an officer aboard a U.S.-flagged vessel and that afloat employment is not available to you.***

When MARAD evaluates a graduate's request to pursue foreign-flag or shoreside, non-Federal employment, the thoroughness of your job search is the primary consideration given to determining whether you conscientiously sought afloat employment aboard a U.S.-flag vessel. Among the information that MARAD reviews when making this determination is the list of employers to which you applied; whether you attended and how many of those employers who were present at the Academy career fairs received applications from you; and the nature of and the number of times you sought the assistance of Academy career services department and/or MARAD's Office of Maritime Labor and Training for help in finding a qualified job aboard a US flag vessel, including your engagements with the MARAD contractor hired specifically to assist you with career placement.

When considering whether a conscientious job search has occurred, MARAD looks beyond the mere number of applications to the quality of the job application effort. **Therefore it is important that you keep and provide MARAD records of your efforts, including when and whom you contacted at each employer. These materials are reviewed to document that you made a sincere effort to find qualifying employment. Merely mailing your resume to shipping companies is not sufficient.**

Your priority is to sail aboard a U.S.-flag vessel. As long as this need continues, you are expected to fulfill your obligation by pursuing those jobs, regardless of whether you would prefer to fulfill your obligation through alternative means. Once you have successfully fulfilled three service years in an approved position, you are free to pursue whatever alternative opportunities you desire. Until you have done so, you still owe a service obligation to the United States in exchange for your student incentive payments, and we expect you to fulfill that obligation.

While the applicable laws, regulations, and language of your Service Obligation Contract have not changed over the years, there has been some confusion among graduates and employers concerning these alternative categories of employment. We are aware of instances where graduates have accepted employment in one of these alternative categories but did not request or receive MARAD's approval for their employment. This does have unfortunate consequences, as those who have not obtained MARAD approval are non-compliant and may be subject to legal action.

Additionally, some graduates may have mistakenly believed that their alternative employment was pre-approved by MARAD, or that no approval was required at all. This is not correct. MARAD approval of these alternative categories of employment has always been required.

### ***C. How do I obtain MARAD approval of my alternative employment?***

To obtain MARAD approval for any alternative service options, you must complete and submit an Employment Determination Request (EDR) and provide the information and documentation required by your particular category of employment. The most recent version of the EDR form includes a set of instructions outlining what information and documentation are required. A PDF copy of the EDR form can be obtained from MARAD upon request. The completed form, with the required documentation, should be mailed to:

Maritime Administration  
Office of Maritime Labor and Training  
1200 New Jersey Avenue, SE  
MAR-650, W23-458  
Washington, DC 20590

If you have any questions or require assistance in preparing and submitting your EDR, please contact the MARAD Office of Maritime Labor and Training directly via telephone at (202) 366-7618 or email at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov).

Please note that MARAD approval of an EDR will be strictly limited to the specific employment for which approval was sought. This means that approval will remain in effect only as long as you maintain the same employment as specified on your EDR. If you change positions with your existing employer, or if you change employers, you will need to submit a new EDR and obtain prior MARAD approval for each new position to meet the service portion of your obligation. These additional "follow-up" EDRs are necessary to allow MARAD to ensure that your new position satisfies the legal requirements for permissible alternative employment.

Lastly, the approval of an EDR does not exempt you from the other elements of your service obligation. You still must comply with the USCG credentialing, Reserve duty, and reporting elements of your obligation.

### **MAINTAINING YOUR US COAST GUARD CREDENTIAL AND TWIC**

If you are not on active duty for the requisite five (5) year period following graduation, you must maintain a valid USCG Merchant Mariner Credential (MMC) with an officer endorsement and a Standards of Training, Certification, and Watchkeeping (STCW) endorsement for six (6) years following graduation. You must also maintain the appropriate national/international endorsements and certifications required by the USCG for service aboard domestic and international vessels. You must renew or upgrade your MMC at least once. Maintaining a document of continuity does not fulfill this portion of your obligation, and there is no grace period. You must also maintain a valid Transportation Worker Identification Credential (TWIC) for six (6) years following graduation and maintain a valid USCG medical certificate for employment on vessels where STCW applies.

## **MAINTAINING YOUR RESERVE COMMISSION**

If you are not on active duty for the requisite five (5) year period following graduation, you must apply for and accept, if tendered, an appointment as a commissioned officer in one of the Reserve Components of the US Armed Forces. Your service obligation requires maintaining your commission for at least eight (8) years after graduation. Graduates are also strongly encouraged to apply for a Reserve Billet in a Selected Reserve (SELRES) unit.

If you have elected to request a recall to active duty in one of the Armed Forces and your request is approved, your service on active duty will satisfy this requirement as well as the service/employment portion of your obligation for the time period during which you remain on active duty.

## **ANNUAL COMPLIANCE REPORTING**

All SIP graduates – including those on active duty as a commissioned officer in the US Armed Forces, with NOAA or USPHS – must submit a minimum of eight (8) annual reports following graduation to complete that portion of their service obligation.<sup>4</sup> These annual reports must be filed with MARAD between January 1 and March 1 each year, and are intended to provide MARAD with details on your actions to meet your service obligation during the previous calendar year.

For instance, as a graduate from the Class of 2020, you must file your first report between January 1 and March 1, 2021. This report is referred to and filed as your 2020 report because it reports what you did during the prior calendar year, meaning, in this case, the time between your graduation in May 2020 and December 31, 2020.

You must then continue to file annual reports between January 1 and March 1 of each successive year on your actions during the previous calendar year until you have filed a minimum of eight (7) annual reports, or until all components of your service obligation are fulfilled, whichever is later.<sup>5</sup> For most of the Class of 2020, your last report will be filed with MARAD between January 1 and March 1, 2027.

Please be aware that depending on your particular circumstances (such as an approved graduate school deferment or an agreed-upon hardship extension), your annual reporting period may be extended beyond this eight (8) year minimum. In that case, you must file annual reports until your service obligation is fulfilled.

You are encouraged to file your compliance reports using the web-based MSCS at <https://mscs.marad.dot.gov>.

### ***A. What if I have trouble accessing MSCS or submitting my reports electronically?***

In the event you are unable to access the website, please contact the MARAD Help Desk at (202) 385-4357.

If you have difficulty using MSCS, you should contact the MARAD Office of Maritime Labor and Training by telephone at (202) 366-7618 or email at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov). MARAD staff are available to help and submit the required reports accurately and on time.

## **WAIVER OR DEFERMENT OF YOUR SERVICE OBLIGATION**

If you are unable to fulfill your service obligation because of undue hardship or impossibility of performance due to accident, illness or other justifiable reason, you may apply for a waiver of all or a portion of your service obligation. Applications for such a waiver must be submitted in writing with supporting documentary evidence of the underlying hardship or impossibility that forms the basis of your request.

Additionally, in exceptional cases, you may be allowed to defer all or a part of your service obligation for a period not to exceed two years, provided that you are a graduate who is considered to have superior academic and conduct records while at the Academy, and that you are seeking to enter a marine or maritime-related graduate course of study approved by the Maritime Administrator, or for the purpose of pursuing studies as the recipient of a scholarship or fellowship of national significance. Applications for such a deferment must be submitted in writing with supporting documentation of your acceptance into and/or enrollment in the applicable marine or maritime-related graduate course of study, or your award and acceptance of the applicable scholarship or fellowship.

You are encouraged to file your waiver or deferral using the web-based MSCS at <https://mscs.marad.dot.gov>. Alternately, you may contact the MARAD Office of Maritime Labor and Training, by telephone at (202) 366-7618 or email at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov), to obtain a copy of the necessary form(s) and instructions on submitting physical or electronic copies of the form(s).

## **II. THE MARITIME SERVICE COMPLIANCE SYSTEM (MSCS)**

MSCS is a web-based system that allows graduates to submit their annual reports from anywhere in the world. If you encounter any difficulties in submitting your annual reports, we ask that you contact the MARAD Office of Maritime Labor and Training, by telephone at (202) 366-7618 or via email at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov), and let us know about the issue. Your assistance and functionality recommendations are vital to our improvement of MSCS, and we will do everything possible to work with you to ensure a smoother and more user-friendly experience.

You are required to log into MSCS prior to graduation to update your contact information on your personal information page. This will ensure that you will receive important updates in the months prior to submitting your first annual report. Instructions are included in this letter to assist you with self-registration, logging into the system, and updating your personal information page. If you encounter any difficulties, we ask that you contact the MARAD Office of Maritime Labor and Training, by telephone at (202) 366-7618 or via email at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov) so that we can assist you.

In the coming months, we expect to post on the MSCS homepage (<https://mscs.marad.dot.gov>) details of improvements to the system, so please keep a lookout for these announcements. Additionally, we expect to post the User Guide on the MSCS homepage demonstrating how to register, login, and submit your annual reports (copy enclosed).

### **III. CLOSING THOUGHTS**

If you are not commissioned as an officer in the US Armed Forces, with NOAA or USPHS and have difficulty obtaining afloat employment, you are encouraged to seek assistance from the Career Services at your maritime Academy or through the MARAD contractor hired specifically for this purpose.

MARAD takes fulfillment of your service obligation seriously and has recently pursued legal action against several graduates who failed to meet their service obligations in order to recoup the SIP funds provided for their education. Failure to comply with your statutory obligations may result in your involuntary recall to active duty in the US Armed Forces, as determined by the Secretary of Defense, or a requirement to reimburse the Federal Government funding provided for your education, and possibly with legal fees.

The SMAs have a long tradition of producing maritime leaders, and you can be proud that you will soon be joining a distinguished list of such graduates. As you set sail on an exciting new career in the maritime industry or on active duty, I congratulate you and extend to you my very best wishes.

Sincerely,

Dr. Shashi Kumar  
Deputy Associate Administrator  
Maritime Education and Training

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<sup>1</sup> 46 U.S.C. §§ 51509(d)(5) and 46 C.F.R. §§310.7(b)(3)(vi).

<sup>2</sup> 46 C.F.R. §§ 310.7(b)(6)(i)

<sup>3</sup> 46 U.S.C. §§ 51509(d)(5) and 310.7(b)(3)(vi).

<sup>4</sup> 46 C.F.R. §§ 310.7(b)(6)(i)

<sup>5</sup> 46 C.F.R. §§ 310.7(b)(6)(i)



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## Maritime Service Compliance System (MSCS) Self-Registration Instructions

To use MSCS, please follow the steps below to self-register your MSCS account. The recommended browsers are Internet Explorer or Chrome. Please use a laptop or a desktop and not a mobile device.

1. Access the [Maritime Service Compliance System](https://mscs.marad.dot.gov) at <https://mscs.marad.dot.gov>
2. Click the Login link in the left margin
3. Click the Self-Register button
4. Enter the requested information: Name, Date of birth, Academy, Graduation Year, and MARAD student ID Number. **You will need the special 5-digit student ID number assigned to you by MARAD, not your academy student ID. To get your student ID number, please email MARAD Service Obligation Compliance at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov) or call 202-366-7618.**

The system will prompt you to:

- Create a Username
- Create a Password
- Define 4 security questions (answers are case-sensitive)

The system will transmit a validation and activation code to your primary email account at two different points in the process. Please make sure your email address is valid. Your primary email address is currently your school email unless you have already requested to change it. Please contact MARAD at 202-366-7618 or [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov) if you no longer have access to your school email.

Please input the validation code and the activation code you receive in your email to continue and complete the process. Please note that you have a 30-minute window to use the validation code and 24-hour window to use the activation code. If you notice that you did not receive the email in your Inbox within a reasonable amount of time, please check the "Junk" or "Spam" folder.

After you have self-registered you will need to keep your personal contact information updated and make sure your primary email is correct and accessible to you.

MSCS is used for the required annual reporting to MARAD, submitting special requests such as employment determinations requests(EDRs), waivers and deferments.

**If you need to have your email changed in order to self-register or if you require any other assistance with self-registration, please contact the MARAD Service Obligation team at [maritime.graduate@dot.gov](mailto:maritime.graduate@dot.gov) or 202-366-7618.**