

INLAND

U.S. MARITIME ADMINISTRATION

Office of Maritime Workforce Development
Revised August 2009

STUDENT INCENTIVE PAYMENT PROGRAM



STUDENT INCENTIVE PAYMENT (SIP) PROGRAM

You have just enrolled at a State maritime academy that is dedicated to educating and training individuals for employment as licensed officers in the U.S. merchant marine. The Federal Government takes an active role in the training of merchant marine officers to ensure that there is a cadre of well-trained officers available at all times during peacetime and national emergencies to support the national defense. As an incentive to become licensed officers in the United States merchant marine, the Maritime Administration (MARAD), U.S. Department of Transportation provides a limited number of Student Incentive Payments to the State maritime academies to award to eligible entering students, called cadets. The Student Incentive Payment (SIP) Program is a voluntary program designed to assist cadets in defraying the cost of tuition, uniforms, books and subsistence in return for certain obligations on the part of the cadet.

On November 24, 2003, President Bush signed the National Defense Authorization Act for Fiscal Year 2004 into law (the “Act”). The Act made changes in MARAD’s Maritime Education and Training programs, that changed certain rights and obligations of graduates and participants in the Student Incentive Payment Program. The Act has, i.) enabled MARAD to collect education cost from defaulting students, ii.) increased the employment options for graduates seeking Federal employment in maritime-related fields and, iii.) increased the SIP Program amount to \$4,000, per year.

In the FY 2009 MARAD Budget, which will apply to all cadets in the Fall 2009 classes of eligible cadets, the Student Incentive Payment increased to \$8,000 annually, not to exceed four academic years. The total SIP funding will be provided to all eligible cadets prior to the start of the 2009-2010 academic school year.

ELIGIBILITY

To be eligible for the Student Incentive Payment (SIP) Program a State maritime academy student must:

- Be a U.S. Citizen.
- Meet the physical standards specified by the U.S. Coast Guard for original licensing as a merchant marine officer.
- Be at least 17 years of age and not have passed their 25th birthday on the day of enrollment at the school.

- Possess a secondary school education or equivalent, satisfactory for admission as an undergraduate to college under control of the State in which the school is located.
- Meet the requirements established by the maritime academy in regard to secondary school grades, rank in graduating class, aptitude, achievement, and qualities of leadership.
- Apply for, be offered, and have accepted midshipman status in the U.S. Naval Reserve (including the Merchant Marine Reserve, U.S. Naval Reserve) and simultaneously have applied and been accepted for Enlisted Reserve Status.
- Be obligated to complete the Naval Science curriculum.

SERVICE OBLIGATION

If you apply and are selected to receive Student Incentive Payments you must sign a Service Obligation Contract (MA Form 890) with the Maritime Administration. The Contract obligates you to:

1. Use the student incentive payment to defray the cost of tuition, uniforms, books and subsistence;
2. Complete the course of instruction;
3. Pass the U.S. Coast Guard examination for a license as an officer in the U.S. merchant marine prior to graduation;
4. Maintain a U.S. Coast Guard License as an officer in the U.S. merchant marine for at least six (6) years from the date of graduation;
5. Apply for an appointment as a commissioned officer in the U.S. Naval Reserve (Including the Merchant Marine Reserve, U.S. Naval Reserve), the U.S Coast Guard Reserve, or any other reserve component of an armed force of the United States. If your application is accepted and a commission is offered, you must accept the appointment and serve for at least six years from the date of graduation and;
6. Maintain employment in the U.S. maritime industry for at least three years from the date of graduation in the following capacities:
 - i. As a merchant marine officer serving on U.S. - flag vessels;
 - ii. As an employee in a U.S. maritime-related industry, profession or marine science as determined by MARAD, if MARAD determines that employment under i above is not available;

- iii. As a commissioned officer on active duty in an armed force of the United States or in the National Oceanic and Atmospheric Administration (NOAA) or;
- iv. By combining the employment options specified in paragraphs 1, 2 and 3 above.

The maritime-related employment option may be used **only** when the Maritime Administrator determines that sailing jobs are not available, and or the cadet has shown he/she has actively sought afloat employment. MARAD must approve a SIP perspective graduate or graduates employment determination request prior to beginning non U.S. afloat employment or maritime ashore employment.

APPLICATION TO THE SIP PROGRAM

A representative (see list on page 9) from your school will explain the SIP program to you and will give you details on how, when and where to apply. You will also be given a date when your school will stop accepting SIP applications. AFTER THAT DATE NO APPLICATIONS WILL BE ACCEPTED.

After you have applied to participate in the program, the SIP representative from your school will give your name to the Naval Science Department to begin processing the required Navy application and medical evaluation forms. You must complete the necessary paperwork and be scheduled to take a Navy physical examination. The Naval Science Department will establish a timetable for completion of all required forms and the physical examination. Failure to comply with the Navy's processing timetable will result in termination of your SIP application.

To be eligible to participate in the SIP program, you must be appointed as a Navy Midshipman. A representative will explain the Navy Midshipman Program to you from the Naval Science Department.

You should use the period during which your SIP application is being processed to further decide if you want to enter into the SIP Program and fulfill the service obligations.

Your school will select the cadets to participate in the SIP program and forward their names to MARAD for final approval.

Prior to the beginning of academic school year, you will be required to sign the following documents:

- a. Maritime Administration Service Obligation Contract (SOC) for State Academy Midshipmen (MA Form 890);
- b. U.S. Maritime Service (USMS) Enrollment Form (MA-1005);

- c. The Application for the SIP Program (MARAD Letterhead)
- d. Training and Service Agreement, Merchant Marine Reserve, USNR (CNET Form 1534/3);
- e. Enlistment or Reenlistment Agreement, Armed Forces of the United States (DD Form 4/1).

Once the academy forwards MARAD copies of the above signed forms and your completed direct deposit form, MARAD can begin the process to provide the annual funding of \$8,000.00. In some instances, a retroactive payment for some portion of the previous year in the SIP Program may be also available to you.

BREACH OF THE SERVICE OBLIGATION CONTRACT

Your service obligation begins when you sign both the MARAD SOC and Navy agreement and receive SIP funding for school. Your first SIP subsidy will be provided after you sign the above agreements in the first year, if you are processed prior to the academic year. You may withdraw your request to participate in the SIP Program during the application process period, if you have not received any SIP subsidy, and can do so without an obligation.

Any midshipman/cadet who has attended an academy in the SIP program for two years or more and fails to complete the course of instruction at that academy, may be immediately ordered by the Secretary of the Navy to active duty in the U.S. Navy in an enlisted capacity to serve for a period of time not to exceed two years. **MARAD may collect the educational cost afforded those students in breach.**

You are in breach of your service obligation contract agreement by failing to:

- Complete the course of instruction (resigning from school during or after the second year and received SIP);
- Pass the U.S. Coast Guard examination for a license as an officer in the U.S. merchant marine;
- Maintain a license as an officer in the U.S. merchant marine for a least six years from the date of graduation;
- Apply for and accept (if offered) an appointment as a commissioned officer in the U.S.N.R. or any armed force reserve component and serve for at least six years from the date of graduation;
- Maintain employment in the U.S. maritime industry for at least three years from the date of graduation.

As a graduate, if you fail to comply with the terms of your service obligation, the Secretary of the Navy may immediately order you to active duty to serve a period of time not less than two years and not more than the unexpired portion of the service required. **MARAD may collect the educational cost afforded defaulting students.**

DEFERMENT OF EMPLOYMENT SERVICE OBLIGATION

If you decide to attend graduate school after graduation, you may apply for a deferment of your employment service obligation. The State maritime academy must approve and make a recommendation to MARAD. MARAD may grant a deferment of the employment service obligation for a period not to exceed two consecutive years, only for graduates considered to have superior academic and conduct records while at school, for the purpose of entering a marine or maritime-related graduate course of study at an accredited graduate school. Your employment service obligation will begin from the date of completion of your graduate studies, but can not exceed two years.

An application for a deferment must be made through the Superintendent/President of your school, who will forward your application together with his/her recommendation and an evaluation of your academic and conduct records, to MARAD for appropriate action. All supporting documentation that describes the marine or maritime-related graduate program from an accredited school shall accompany your request. MARAD will notify you of the action taken on your request. Request for Deferment Forms may be obtained from your school or from MARAD. Deferment of your employment obligation to attend graduate school **does not** defer your reserve obligation. You must contact the Merchant Marine Reserve Office directly, if you are requesting a waiver for your reserve service obligation.

WAIVERS OF THE SERVICE OBLIGATION

Waivers of all or part of the service obligation may be granted in cases where there would be undue hardship or impossibility of satisfying the obligation due to accident, illness or other justifiable reason as determined by MARAD. Applications for a waiver must be made to the Maritime Administration, Maritime Workforce Development (MAR-740), 1200 New Jersey Ave., SE, Washington, DC 20590. Request for Waiver forms may be obtained from your school or from MARAD. You will receive notification by MARAD of the action taken on your waiver request. Waivers for your reserve obligation must be made directly to the Merchant Marine Reserve Office in New Orleans.

REPORTING REQUIREMENT

After graduating from school you will be required to submit an Annual Service Obligation Compliance Report to MARAD at the address shown below. The Annual Compliance Report is normally provided for a total of 6 -7 years or until all

components of your service obligation are fulfilled. This report will include the following:

- Your current address; and email
- Your Reserve Commission status for 6 years;
- Whether you renewed or upgraded your U.S. Coast Guard license, date renewed or upgraded and,
- Your employment status for the required three years.

It is preferred that you submit your MARAD annual report electronically via the internet using at the following website: <https://mscs.marad.dot.gov>

The first report will be due to MARAD between January 01 – March 01, following your date of graduation, and annually thereafter between January 01 – March 01 until **all** obligations are fulfilled. If you have been granted a deferment of your obligation to attend graduate school, you must still report annually to MARAD, indicating that you are actively enrolled in graduate school. At the completion of the deferment, you will then be required to report to MARAD until the fulfillment your service obligation. The Maritime Administration Service Obligation Compliance Report and Merchant Marine Reserve, U.S. Naval Reserve (USNR), Annual Report may be obtained from the Maritime Administration if you are unable to enter the information via the above website.

LEAVE

Midshipmen may be granted leave without removal of the SIP Program as follows:

- Medical leave, as authorized by the school, not to exceed four (4) months.
- Christmas and Easter leave and all legal holidays - Federal and State-as authorized by the school.
- Excused absences, as authorized by the school, not to exceed thirty (30) days per academic year. All unauthorized leave and all excused absences in excess of thirty (30) days will result in loss of SIP. Midshipmen receiving SIP may be granted leaves of absences without pay, as approved by the school Superintendent/President, for periods not to exceed one (1) academic year at a time. Midshipmen in a pay status will only be granted a leave of absence if they continue to meet all requirements for graduation in this part, including age requirements.

ROTC ENROLLMENT

Subsidized cadets who make a commitment to an Armed Force Reserve Officer Training Corps will be removed from the SIP program, effective on the date they receive funds from a U.S. military service. Should they leave the program for any reason they may not return to the SIP Program and reclaim SIP.

QUESTIONS & ANSWERS

- Q.** Must I apply for U.S. Navy Midshipman status in order to be selected to receive a Student Incentive Payments (SIP)?
- A.** Yes. Only those students, who apply and are accepted into the Navy Midshipman program will be considered eligible for SIP.
- Q.** How is SIP paid to participants?
- A.** SIP funding is currently provided prior to the beginning of the academic year to the account specified on the participants direct deposit form. The total annual funding is \$8,000.
- Q.** When does the service obligation begin?
- A.** The service obligation begins when you sign the Maritime Administration Service Obligation Contract and the MMR/USNR Agreement and it is approved. At the same time, you will also be required to accept U.S. Navy Enlisted Reserve status.
- Q.** What if I don't pass the physical examination given by the U.S. Navy prior to the beginning of the academic school year?
- A.** Your SIP application will not be processed. Only those cadets who are physically found qualified to participate in the Navy Midshipman Program and are deemed commissionable will be eligible for SIP.
- Q.** What happens if I resign or disenroll from school during or after entering the second year?
- A.** The school will notify MARAD of your disenrollment/resignation. MARAD will then review your record and the circumstances of the disenrollment/resignation to determine if you have breached your service obligation. The service obligation commences when you sign the MARAD and U.S. Navy Agreements early in the second academic year. Voluntary resignation from school constitutes a breach of the service obligation. Disenrollments by the school may or may not constitute a breach of the

service obligation. If it is determined that you have breached your agreement, MARAD may forward your name to the U.S. Navy recommending involuntary order to active duty, or recoup all SIP funds.

- Q.** Once I disenroll or resign from school, may I reclaim my SIP upon subsequent re-enrollment?
- A.** No. Once you are disenrolled or resign from school, you may not reclaim you SIP upon subsequent reenrollment. However, you may take a leave of absence from the SIP program for up to one year, approved by the academy Superintendent or President and still maintain your eligibility for SIP.
- Q.** Once in the SIP Program at a State maritime academy, may I transfer to another State maritime and remain in the SIP Program.
- A.** Transfers will be reviewed by MARAD, after review and recommendations from the State maritime academies, on a case by case basis. There is no guarantee of acceptance at the another State maritime academy.
- Q.** What types of jobs will satisfy the employment obligation once I graduate?
- A.** Your **first** obligation is to seek employment as a merchant marine officer sailing on U.S. flag vessels. Shoreside maritime-related employment must be approved by MARAD and is only approved after you have provided documentation that you have actively sought afloat employment. Maritime ashore employment consists of operational, management and administrative responsibility in areas such as: Federal and State agencies maritime related, steamship companies, stevedoring companies, vessel chartering and brokerage operations, cargo terminal operations, naval architecture, shipbuilding and repair, municipal and state port authorities, port development, marine engineering, tug and barge companies, and oil and mineral operations.

In addition, employment as an operating engineer in a shoreside stationary power plant such as industrial plants, paper mills, fossil fuel and nuclear utility companies, co-generation plants, hospital power plants, etc. are reviewed on a case by case basis and may be considered acceptable in fulfilling the requirements of the service obligation. The above employment opportunities does not set forth all types of positions, organizations, or fields that may be acceptable to satisfy the employment service obligation.

STATE MARITIME ACADEMY - SIP COORDINATORS

**California Maritime Academy – Deborah Fischer 707 654-1201
or Dana Wood, 707-654-1203**

Great Lakes Maritime Academy - Judith Rokos, 231-995-1202

Maine Maritime Academy - Donald Probert, 207-326-2352

Massachusetts Maritime Academy - LT. Matthew Rowell, 508-830-5025

**State University of New York (SUNY) Maritime College - Chrystal Valentin,
718-409-7241**

Texas Maritime Academy Lt. W. Weibel, 409-740-4594/5