STUDENT INCENTIVE PAYMENT (SIP) PROGRAM

You are enrolled at a State Maritime Academy (SMA) 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 there is a cadre of well-trained officers available at all times. These merchant marine officers are available during peacetime and national emergencies to support the national defense and the economy. As an incentive to become licensed officers in the United States merchant marine, the U.S. Department of Transportation’s (DOT) Maritime Administration (MARAD), provides a limited number of Student Incentive Payment (SIP) Program allocations to each of the six State maritime academies. The eligible SIP students entering the SIP Program, called cadets, may be awarded Federal funding of up to $8,000 annually, not to exceed $32,000 in a consecutive four year academic period. The SIP Program, is governed under 46 CFR 310.7, and is a voluntary program designed to assist cadets in defraying the cost of tuition, uniforms, books and subsistence in return for a specific service obligation by the cadet / graduate.

ELIGIBILITY

To be eligible for the SIP Program a State maritime academy student must:

- Be a U.S. Citizen.
- Meet the physical standards specified by the U.S. Coast Guard (USCG) 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 Strategic Sealift Officer Program (SSOP) U.S. Naval Reserve (USNR) and simultaneously have applied and been accepted for Enlisted Reserve Status. Meet the physical standards of Department of Defense Medical Evaluation Review Board (DoDMERB) for midshipmen status.
- Be obligated to complete the Naval Science Curriculum at a SMA.
SERVICE OBLIGATION

If you apply and are selected by a SMA to participate in the SIP Program you must sign a Service Obligation Contract (SOC) MA Form 890 and it must be approved by MARAD. If under 18 years old your parent or guardian must sign your contract also. When you reach 18 years old you will sign the SOC again without a parent or guardian’s signature. 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 at a SMA leading to a maritime related bachelor’s degree;

3. Pass the USCG unlimited license examination for a license as an officer in the U.S. merchant marine prior to graduation;

4. Maintain a USCG Merchant Mariner Credential (MMC) with a license endorsement and Standards of Training, Certification and Watchkeeping (STCW) endorsements. You must have a valid medical certificate, and a valid Transportation Workers Identification Credential (TWIC) for your MMC to be valid and each must be valid 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 Strategic Sealift Officer Program, U.S. Naval Reserve), the USCG 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 the armed forces of the United States or as a commissioned officer in the National Oceanic and Atmospheric Administration (NOAA) Corps or the Public Health Services as a commissioned officer;
   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 the cadet has shown he/she has actively sought afloat employment. MARAD must approve a SIP perspective graduate or graduate’s Employment Determination Request (EDR) form prior to beginning non U.S. afloat employment or maritime ashore employment.

**APPLICATION TO THE SIP PROGRAM**

A representative at each SMA can 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 academy will give your name to the Department of Naval Science (DNS) 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 DNS will establish a timetable for completion of all required forms and the physical examination. Failure to comply with the Navy’s processing timetable may 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 SSOP to you from the DNS.

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

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

1. Maritime Administration Service Obligation Contract (SOC) for State Academy Midshipmen (MA Form 890);
2. Certification of Non-Delinquency on Loans or Other Accounts to the Federal Government (MA-890 Addendum 1)
3. Certification of Compliance with Drug-free Workplace Act of 1988 for Grantees (MA-890 Addendum 2)
4. Application for the Student Incentive Payment Program
5. U.S. Maritime Service (USMS) Enrollment Form (MA-1005);
6. The Application for the SIP Program (MARAD Letterhead)
7. Direct Deposit Form
8. Enlistment or Reenlistment Agreement, Armed Forces of the United States (DD Form 4/1).

Once the academy forwards MARAD the above signed forms and you have completed all requirements and passed the DoDMERB physical, MARAD can begin to process your enrollment into the SIP Program.

**BREACH OF THE SERVICE OBLIGATION CONTRACT**

Your service obligation begins when you sign both the MARAD Service Obligation Contract and Navy agreements (including the DD Form 4/1 and 4/2), and other required documents, are accepted by MARAD and receive SIP funding from MARAD. 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 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 decide to collect the educational cost afforded those students in breach as an alternative to active duty.**

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 USCG examination for a license as an officer in the U.S. merchant marine;
- Maintain a license (valid MMC with license endorsement, STCW endorsement) as an officer in the U.S. merchant marine for at least six years from the date of graduation; Maintain a TWIC for 6 years;
- Apply for and accept (if offered) an appointment as a commissioned officer in the USNR 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 enlisted 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 as an alternative collect the educational cost afforded defaulting students.**
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 SIP 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 are accepted into a U.S. military service. Should they leave the program for any reason they may not return to the SIP Program and reclaim SIP.

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 SSOP 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 approval of a waiver must be made to the Maritime Administration, Maritime Workforce Development (MAR-650), Compliance Specialist, 1200 New Jersey Ave., SE, Washington, DC 20590, Maritime.Graduate@dot.gov Request for Waiver forms may be obtained from your school or from the MARAD website. You will receive notification from MARAD of the action status on your waiver request. Waivers for your reserve obligation must be made directly to the SSOP.

REPORTING REQUIREMENT

After graduating from a SMA you will be required to submit an Annual Service Obligation Compliance Report to MARAD at the address shown below. The Annual Service Obligation Compliance Report is normally required for a total of 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 that prior year, required for three years.

Complete and submit your MARAD annual report electronically via the MARAD Maritime Service Compliance System (MSCS) through the internet using at the following website: https://mscs.marad.dot.gov any questions regarding your obligation or reporting contact the MARAD Compliance Specialist at maritime.graduate@dot.gov or 202 366-7618

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 the fulfillment of all your service obligation. 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, which is a maximum of two years, you will be required to report to MARAD until the fulfillment of your service obligation. The Maritime Administration Service Obligation Compliance Report may be obtained from the Maritime Administration if you are unable to enter the information via the above website.

**QUESTIONS & ANSWERS**

**Q. Must I apply for U.S. Navy SSO 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 SSO Midshipman program will be considered eligible for SIP. The SIP Program is a Department of Transportation (DOT) Program that provides funding to SMA students. The DOT Program is available to SMA students that want to be in the SIP Program and who pass the requirements, and accept the DOT MARAD service obligation.

**Q. How is SIP paid to participants?**

A. The DOT MARAD SIP funding is currently provided at the beginning of each semester of the academic year to the account specified on the participants direct deposit form. The total annual funding is $8,000, which is $4,000 each semester.

**Q. When does the enrollment period begin?**

A. The SIP enrollment normally begins the Fall semester at each SMA, when you sign the Maritime Administration Service Obligation Contract and enrollment documents including the SSO/USNR Agreement and Navy documents and when it is approved by MARAD. During the enrollment period you will also be required to accept U.S. Navy Enlisted Reserve status and pass USCG and DoDMERB physicals.

**Q. What if I don't pass the physical examination given by the U.S. Navy or USCG prior to the beginning of the academic school year?**

A. Your SIP application will not be approved. Only those cadets who are physically qualified to participate in the Navy SSO Midshipman Program and are deemed commissionable to obtain a USCG Unlimited Merchant Mariner Credential will be eligible for SIP.
Q. **What happens if I resign or disenroll from school during or after entering the third 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. Voluntary resignation from school constitutes a breach of the service obligation.

Any midshipman/cadet who has attended an academy in the SIP program for more than two years 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 or required to repay all SIP funds received.

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 your SIP upon subsequent reenrollment. However, you may be granted a leave of absence without pay from the SIP program for up to one academic year, approved by the academy Superintendent or President, if you continue to meet all requirements for graduation, including age.

Q. **Once in the SIP Program at a SMA, may I transfer to another SMA 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 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. Any employment other than sailing on a U.S. flag vessel as an officer utilizing your MMC, or active duty as an officer in the U.S. armed forces, or as a commissioned officer in the NOAA Corps or officer in the U.S. Public Health Service (USPHS) will require an approved Employment Determination Request (EDR) from MARAD prior to starting that employment. The EDR form is on the MARAD website at [https://mscs.marad.dot.gov](https://mscs.marad.dot.gov)

Serving, and successfully completing, the five year period following graduation as a commissioned officer on active duty in an armed force of
the U.S., or as a commissioned officer of the NOAA Corp or as a commissioned officer in the USPHS will completely fulfill your MARAD service obligation.

Foreign Flag afloat employment and Shoreside maritime-related employment will also require an EDR and must be approved by MARAD prior to accepting the position. The EDR is only approved after you have provided documentation that you have actively sought afloat employment on U.S. flag vessels. The EDR must be recommended for approval by the applicants SMA prior to MARAD receipt.

A major objective of the SIP Program is to have available a cadre of well-educated and skilled merchant marine officers trained and knowledgeable of U.S. flag vessels in the event of a national emergency or a contingency. Also a component of the SIP graduate’s service obligation is to maintain a current MMC for a minimum of 6 years. The original MMC is current for 5 years and to upgrade or renew it once, so that is valid for 6 years, the graduate must be utilizing it by sailing U.S. flag vessels.

Maritime ashore employment consists of operational, management and administrative responsibility in areas such as: Federal and State agencies in maritime related positions, 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 for fulfilling the requirements of your service obligation. The above employment opportunities do not set forth all types of positions, organizations, or fields that may be acceptable to satisfy the employment service obligation.

**STATE MARITIME ACADEMY - SIP POC / COORDINATORS**

The SMA SIP POC’s are available to assist you with questions about enrollment into the SIP Program, DoDMERB physicals and the Navy SSOP, which you must be enrolled in to be accepted into the SIP Program. Feel free to contact them:

California Maritime Academy – 707 654-1266
Great Lakes Maritime Academy (DNS OIC) - 231-995-1218/9
Maine Maritime Academy - 207-326-2352
Massachusetts Maritime Academy - 508-830-5025
State University of New York (SUNY) Maritime College - 718-409-7241
Texas A&M Maritime Academy - 409-740-4594/5

Questions concerning your service obligation, may be directed to the MARAD Compliance Specialist at maritime.graduate@dot.gov or (202) 366-7618.