



U.S. Department
of Transportation
**Maritime
Administration**

December 24, 2013

Via first-class U.S. mail

Dear Graduates:

As the end of 2013 nears, so does the beginning of the next annual service obligation reporting period. This letter is being sent to all graduates who, according to our records, have not yet completed their service obligation to the Maritime Administration (MARAD). This list of recipients encompasses the graduating classes from 2007-2013 and includes over 1,700 graduates from the U.S. Merchant Marine Academy (USMMA) and nearly 400 graduates from the State Maritime Academies who received financial assistance through the Federal Student Incentive Payment (SIP) Program.

The purpose of this letter is to provide each of you with a reminder of the specifics of your service obligation, tailored to answer frequently asked questions and to correct common misconceptions; an informational update on the changes and improvements that are being made to the Maritime Service Compliance System (MSCS) to make your annual reporting faster, easier, and more user-friendly; and to also serve as an educational outreach tool intended to provide guidance on who to contact at MARAD if you have any question with your service obligation status.

Lastly, as is explained in greater detail below, due to our ongoing efforts to improve the functionality and user-friendliness of MSCS, the system will be disabled for the month of January 2014. MSCS will be re-activated effective February 1, 2014. To accommodate this delay, your reporting period will also be shifted by one month; meaning that your upcoming 2013 annual report will be due between February 1, 2014 and April 1, 2014.

I. YOUR SERVICE OBLIGATION

Upon entrance in USMMA or the SIP Program, you signed an agreement (the "Service Obligation Contract"), which is mandated by law.¹ In exchange for your education at USMMA or your SIP payments, you committed to fulfill a maritime service obligation following graduation – an obligation that is restated in MARAD's regulations² and in the Service Obligation Contract you signed. What follows is a summary of the applicable laws and regulations governing your service obligation.

Having successfully completed the course of instruction at your Academy and received your U.S. Coast Guard (USCG) Merchant Mariner Credential (MMC) with a license endorsement, your remaining service obligation covers the following four elements:

1. Service/employment in the maritime industry;
2. Maintaining your USCG credential;
3. Maintaining your Reserve commission; and
4. Annual compliance reporting.

Your obligation requires completion of every element listed above. The only exception to this is individuals who, for the 5-year period following graduation, serve as a commissioned officer on active duty in an armed force of the United States or as a commissioned officer of the National Oceanic and Atmospheric Administration (NOAA) or the Public Health Service (PHS). Those graduates who provide five (5) years of honorable active duty service shall be excused from the licensure and reserve requirements of their obligation. Details are included below.

Failure to comply with your service obligation may lead to induction into the U.S. armed forces or repayment of (a) the cost of the education you received while enrolled at USMMA or (b) the amount of SIP payments you received from MARAD.

This section of the letter provides details on fulfilling your obligation for each of these categories, and attempts to answer frequently asked questions about your obligation.

SERVICE/EMPLOYMENT IN THE MARITIME INDUSTRY

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

The key 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 USMMA graduates, your service/employment requirement is five (5) years. For 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 that they are in-fact U.S. flag vessels: Ocean going; Military Sealift Command; coastal and inland; tugs and towboats; passenger; and offshore energy vessels, platforms, and drilling units.

This is the primary objective of the service/employment portion of your obligation, and while you may potentially satisfy your service obligation through other, alternative, means of service/employment, sailing as an officer aboard a U.S. flag 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 U.S. flag vessel?

Yes, but there are some regulatory and procedural constraints that you need to be aware of.

The laws and MARAD regulations that govern your service obligation do allow you to fulfill the service/employment portion of your obligation in several alternative ways. These alternatives are broken down into two main categories of service: (i) Service that DOES NOT require MARAD

approval to qualify as obligation-fulfilling; and (ii) service that DOES require MARAD approval to qualify as obligation-fulfilling.

i. Service that DOES NOT require MARAD approval to qualify

By and large, MARAD approval is required before an alternative means of employment will be considered as satisfying your service obligation. The sole exceptions are:

- (a) as a commissioned officer on active duty in the U.S. armed forces; or
- (b) as a commissioned officer in NOAA or PHS.

Currently graduates from USMMA and the SIP Program proudly serve in all branches of the U.S. Armed Forces and the NOAA and PHS Corps and this is an excellent way to fulfill your service obligations while contributing directly to the nation's security. Five (5) years of honorable active duty service satisfies all portions of your service obligation with the exception of your annual report. 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 of the required annual reports. This includes providing employment information (duty station, address, etc.).

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. flag vessel, or serve as a commissioned officer on active duty in the U.S. armed forces or with NOAA or PHS, your employment does not count towards your service obligation unless MARAD has approved your alternative employment. ***All other alternative categories of employment must be approved by MARAD before any time spent in such employment will count towards the service you owe under your service obligation.***³

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. flag vessel;
- (b) As an 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 this 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. flag vessel and that afloat employment is not available to you.
 - Be aware that in view of current and projected employment opportunities afloat, this private shoreside employment option is granted infrequently and only on the basis of comprehensive evidence, provided by you, that you conscientiously sought afloat employment and that such employment was/is not available to you.

While the applicable laws, regulations, and language of your Service Obligation Contract have not wavered on these requirements, there has been some confusion among the graduates and among employers, concerning these alternative categories of employment. We are aware of instances where graduates have accepted employment in one of these alternative categories, but have not asked for or received MARAD's approval for their employment.

This presents a potentially disturbing consequence, as those who have not obtained MARAD approval are non-compliant and in danger of defaulting on their obligation. If the default is not cured, then the Maritime Administrator may determine that the service obligation contract has not been met and he may seek reimbursement of the cost of taxpayer funded education, or repayment of SIP.

Some may have mistakenly believed that their alternative employment was pre-approved by MARAD, or that no approval was required at all. This is not, and never has been, accurate; explicit MARAD approval of these alternative categories of employment has *always* been required.

While MARAD is currently pursuing a handful of willfully non-compliant graduates, we expect that these defaults and the ensuing civil lawsuits prosecuted by the Department of Justice will be the exception rather than the rule. Instead, for those graduates who have not secured MARAD's approval for their alternative employment, MARAD is optimistic that we will be able to find an acceptable accommodation that avoids an adversarial legal and collection action.

If you believe that you have worked, or are currently working, in a position that falls within one of these alternative categories of employment, but have not yet sought MARAD's approval to do so, we encourage you to contact MARAD to discuss what can be done to address your individual situation.

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) form and provide the required 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 is required.

As stated above, MARAD recognizes that not every graduate may recognize what employment does and does not meet the service obligation. While we believe the terms of the Service Obligation Contract that you signed, the letter you received at graduation, and the plain language of the governing statutes and regulations are clear, we will take reasonable steps to correct any confusion and cure any accidental non-compliance, and we will work with those graduates interested in doing so.

If you believe that your current (or former) employment requires MARAD approval, and would like to request an EDR form, please contact MARAD at:

Maritime Administration
Office of Maritime Workforce Development
1200 New Jersey Avenue, SE
Washington DC 20590
(202) 493-0029
maritime.graduate@dot.gov

A PDF copy of the latest EDR form is also available for you to download from the MSCS website (<https://mscs.marad.dot.gov>).

Should you require assistance in preparing and submitting an EDR, please contact the MARAD Office of Maritime Workforce Development directly via telephone at (202) 493-0029 or e-mail at maritime.graduate@dot.gov.

Note that any MARAD approval of an EDR will be strictly limited to the specific employment for which approval was sought. This means that your approval will remain in effect only as long as you maintain the exact 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 so that MARAD can ensure that your new position still 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 licensure, reserve, and reporting elements of your obligation.

MAINTAINING YOUR LICENSE

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 a license endorsement and a Standards of Training, Certification and Watchkeeping (STCW) endorsement for six (6) years following graduation. You must also maintain the appropriate national and international endorsements and certification required by the Coast Guard for service aboard domestic and international voyages. You must renew or upgrade your MMC 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.

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 the reserves of the Armed Forces of the United States. The MARAD obligation requires maintaining your commission for at least six (6) years after graduation. Graduates are also strongly encouraged to join a reserve component of any of the armed services as a Selective Reservist (SELRES).

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 graduates – including those on active duty as a commissioned officer in the U.S. armed forces or with NOAA or PHS – must submit a minimum of seven (7) annual reports following graduation to complete that portion of their service obligation⁴. This requirement is the same for both USMMA graduates and SIP graduates. With the recent exceptions, these annual reports should be filed with MARAD between January 1 and March 1, and are intended to provide MARAD with details on what you did to comply with your service obligation during the previous calendar year.

For instance, if you were a graduate from the Class of 2007 you should have filed your first report between January 1 and March 1 of 2008. This report is referred to, and filed as, your 2007 report because it reports what you did during the prior calendar year, meaning in this case the time between when you graduated in 2007 until December 31, 2007.

You must then continue to file annual reports between January 1 and March 1 of each successive year on what you did during the previous calendar year until you have filed a minimum of seven (7) annual reports, or until all components of your service obligation are fulfilled, whichever is latest.⁵

Continuing with the above scenario, for graduates from the Class of 2007, this upcoming 2013 annual report (due to be filed between February 1, 2014 – April 1, 2014 due to the ongoing improvements to MSCS), should be your seventh and final report. Please be aware that depending on your particular circumstances (such as an approved graduate school deferment or some sort of agreed-upon hardship extension), your annual reporting period may have been extended beyond this seven (7)-year minimum. If that is the case, you still must file annual reports until your service obligation is fulfilled.

If you feel that you need additional time to complete your service obligation, please contact the MARAD Office of Maritime Workforce Development directly via telephone at (202) 493-0029 or e-mail at maritime.graduate@dot.gov.

Since all other portions of the service obligation should have been fulfilled in the anticipated seven (7) -year time frame, it is at the end of this seventh reporting year that MARAD reviews the entire graduating class to determine which of those graduates have successfully fulfilled their service obligation, and which are non-compliant and in danger of default.

You are encouraged to file your compliance reports using the web-based "Maritime Service Compliance System" (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 Workforce Development by telephone at (202) 493-0029 or e-mail at maritime.graduate@dot.gov.

We recognize that many graduates experienced technical difficulties with MSCS as a result of last year's system upgrade and functionality changes. As a result of these technical difficulties, MARAD extended the deadline to submit 2012 annual reports from March 2013 to June 2013. Some graduates have still been unable to login to the system and file their annual reports through MSCS.

The majority of the MSCS access issues have now been resolved and all graduates should be able to access MSCS and submit their annual reports. If you were unable to access MSCS before, please log into MSCS and submit any missing annual reports as soon as possible.

Some graduates you have submitted reports for future years. These reports have been purged from the system. The report you are required to submit annually between Jan 1 and Mar 1 is for the previous calendar year. The report you are required to submit between Jan 1, 2014 and Mar 1, 2014 is your "2013" report encompassing how you met your service obligation for the previous calendar year (January 1, 2013 through December 31, 2013).

MARAD has begun conducting an annual review of all graduating classes with time remaining on their service obligation to determine their compliance, and those graduates who are not in compliance will be contacted and notified of their non-compliance and potential default status.

WAIVER OR DEFERMENT OF YOUR SERVICE OBLIGATION

If you feel that you are unable to fulfill your service obligation because of an 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 documentary evidence of your acceptance into and/or enrollment in the applicable marine or maritime-related graduate course of study, or of your award and acceptance of the applicable scholarship or fellowship.

You are encouraged to file your waiver or deferral using the web-based "Maritime Service Compliance System" (MSCS) at <https://mscs.marad.dot.gov>. Alternately, you may contact the MARAD Office of Maritime Workforce Development, by telephone at (202) 493-0029 or e-mail at maritime.graduate@dot.gov, to obtain a copy of the necessary form(s) and instructions on submitting physical or electronic copies of said form(s).

II. THE MARITIME SERVICE COMPLIANCE SYSTEM (MSCS)

Last year MSCS underwent a significant overhaul. This system redesign will make compliance reporting and tracking easier and more automated. As with many new computer systems, it is a work-in-progress, with compatibility and functionality issues. We have spent substantial time this year working to address these problems, and to respond individually to all of the graduates who contacted MARAD to voice their concern and ask for assistance. We ask that you bear with us. Once MSCS is fully functional, it will make your annual reporting quicker and easier, and will allow you to submit employment determination requests, deferment requests, and waiver requests electronically. These improvements will also let you know exactly where in the process your individual request stands.

As part of our ongoing efforts to improve the functionality and user-friendliness of the system, MSCS will be unavailable for the month of January 2014 while additional updates are implemented. Since this delay is beyond your control, the reporting period for this upcoming year is being shifted by one month. MSCS will be reactivated effective February 1, 2014 and you will have until April 1, 2014 to submit your annual report for the 2013 calendar year. We apologize for any inconvenience, but these additional changes will make it easier for you to submit your report. If this change poses a problem for you, we invite you to contact the MARAD Office of Maritime Workforce Development to discuss potential alternative reporting options.

If you encounter any difficulties in submitting your annual reports we ask that you please contact the MARAD Office of Maritime Workforce Development, via email at maritime.graduate@dot.gov, and let us know exactly what is wrong. Your assistance and functionality recommendations are vital to our improvement of the system, and we will do everything in our power to work with you to ensure a smoother and more user-friendly experience.

The biggest change that many of you will notice is that MARAD no longer requires you to submit detailed information about your reserve training. The old hard-copy Service Obligation Compliance Report form (Form MA-930), was previously a joint form that was utilized by MARAD and the U.S. Navy. Navy has recently moved to an online reporting system and no longer allows this information to be submitted to Navy via the MA-930 form.

Going forward, MARAD will only require that you input the basic details of your reserve commission, including a certification that you are maintaining your commission, or an explanation as to why you are not.

In the coming months, we expect to post additional news bulletins on the MSCS homepage (<https://mscs.marad.dot.gov>) detailing improvements to the system, so please keep an eye out for

those announcements. Additionally, we expect to post a new User Guide on the MSCS homepage demonstrating how to register, login, and submit your annual reports.

III. CLOSING THOUGHTS

MARAD takes fulfillment of your service obligation seriously. We believe that nearly all of you intend to fulfill your service obligation and live up to the terms of the contract that you signed. But, some graduates are currently not reporting compliance. If you are currently non-compliant – or simply do not know what your compliance status is – we ask that you please contact us as soon as possible.

You may only be missing paperwork, which is easily remedied. You may require MARAD approval for an alternative category of employment, which will require a more in-depth review of your circumstances and will warrant individual determinations on a case-by-case basis. You may have encountered unfortunate hardship and require additional time in which to completely fulfill your obligation. Whatever the case or circumstance, the one constant is that we can only work with the information you provide.

If you reach out to us and ask for assistance, we will provide it to the best of our ability. Otherwise, we will have to process your file based upon the information we have, no matter how incomplete. Whereas the former typically results in a productive dialog and a mutually agreeable result, the latter has the potential for difficult and costly legal action. While such action is not our preferred course, MARAD has a legal and fiduciary duty to the United States taxpayers who have funded, in whole or in part, your education, and we will do our utmost to fulfill that duty.

Thank you in advance for your cooperation and understanding, and again, if you have any questions – about any portion of your service obligation – please contact us as soon as possible.

Sincerely,



Anne Wehde

Director

Office of Maritime Workforce Development

¹ See 46 U.S.C. §§ 51306, 51509.

² 46 C.F.R. §§ 310.58, 310.7

³ 46 U.S.C. §§ 51306(a)(5), 51509(d)(5) and 46 C.F.R. §§ 310.58(a)(5), 310.7(b)(3)(vi).

⁴ 46 C.F.R. §§ 310.58(d)(1) and 310.7(b)(6)(i)

⁵ 46 C.F.R. §§ 310.58(d)(1) and 310.7(b)(6)(i)

