

FEDERAL BONDING

FACTS

What is the Federal Bonding Program?

The U.S. Department of Labor established the Federal Bonding Program in 1966 to provide fidelity bonds to employers to insure their business if they hire at-risk, hard-to-place job seekers who cannot get private coverage. Many private bonding companies will not bond job applicants with criminal histories or questionable past behaviors, so they are not hired.

The Federal Bonding Program provides a fidelity bond that is a limited-liability insurance policy at no cost to the job applicant or employer. The federal fidelity bond from Travelers Insurance insures employers against theft, forgery, larceny or embezzlement by the bonded employee for the first six months of employment. The bond does not cover liability due to poor workmanship, job injuries or work accidents. It does not provide bail, contract or performance bonds, or license bonds for self-employment.

Who is Eligible?

New hires in one of the following categories are eligible:

- Ex-offenders
- Individuals in recovery from substance use disorders
- Public assistance recipients
- Individuals with poor credit records
- Economically disadvantaged youth and adults who lack work histories
- Individuals dishonorably discharged from the military
- Economically disadvantaged persons who lack a stable work history
- Anyone already employed who needs bonding to prevent termination or secure a transfer or promotion

Bonds can be issued as soon as the applicant has a job offer and a scheduled start date. Workers must be paid wages with federal taxes automatically deducted from pay; self-employed persons cannot be covered. Part-time and temporary workers are eligible.

More than 95 percent of bonds are issued for \$5,000 coverage for a six-month period. Exceptions are possible based on the situation. When the initial bond coverage expires, employers can purchase continued bond coverage from Travelers Insurance if the worker has demonstrated job honesty.



Federal Bonding is a no-cost benefit for employers administered by the Kentucky Office of Employment and Training.

How to Apply

Contact your local Kentucky Career Center or KCC Federal Bonding Coordinator at:

Michelle DeJohn
275 East Main Street, 2-WA
Frankfort, KY 40621
Office (502) 564-7456
Direct (502) 782-3252
Michelle.DeJohn@ky.gov

You may also visit the Federal Bonding Program website at www.bonds4jobs.com for more information.

Did you know that...

- federal bonding has helped over 40,000 individuals become employed?
- over 99 percent of those bonded have proven to be honest employees, resulting in only a 1 percent default rate?
- employment is the #1 reason for successful re-entry of ex-offenders into society? Employed ex-offenders are twice more likely to stay OUT of prison than those who do not have jobs.