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Department
of Labor

NEW YORK STATE FEDERAL BONDING PROGRAM

What New York State Agencies Need to Know

WHAT IS THE FEDERAL BONDING PROGRAM AND WHAT CAN IT DO?

The Federal Bonding Program (FBP) is a unique tool to assist job seekers who may be facing challenges regarding employment.

The program can provide fidelity bond coverage to new hires who would not be able to be covered by their employer's regular fidelity insurance.

The fidelity coverage protects a business from losses due to employee acts of dishonesty including theft/larceny of cash, equipment, product or property. It also covers losses due to forgery or embezzlement by the bonded employee.

WHEN WAS THE PROGRAM ESTABLISHED?

The Federal Bonding Program has been sponsored by the United States Department of Labor since 1966. The program is administered by individual states. In New York, the program is administered through the New York State Department of Labor.

WHICH JOB SEEKERS ARE ELIGIBLE TO BE BONDED THROUGH THE PROGRAM?

The following eight groups of individuals are eligible for bonding coverage:

1. Individuals with a previous misdemeanor or felony conviction
2. Individuals who are in active recovery (after treatment) from substance abuse
3. Individuals who have poor credit or who have previously applied for bankruptcy
4. Individuals with a dishonorable discharge from any branch of the military

5. Individuals with little or no work history, or those with multiple gaps or breaks in their employment history
6. Individuals receiving any form of public assistance benefits (e.g. Medicaid, SNAP, cash benefits, or housing subsidies)
7. Youth or young adults who have current or previous participation in a state or locally- operated Youth Employment Program
8. The New York State Department of Labor can also provide fidelity coverage through the FBP to an employee a business would like to promote or to other employees to prevent a lay-off

In order to be eligible for bonding job seekers must have a job offer (full-time, part-time, temporary, or temp to permanent work) and a start date or they can be currently working. Job seekers can be bonded more than one time if they should secure a new job and have not defaulted on any previous bond.

WHICH JOB SEEKERS ARE NOT ELIGIBLE FOR BONDING THROUGH THE FEDERAL BONDING PROGRAM?

Individuals who are self-employed, 1099 independent contractors, or the owner/principal of a business are **NOT** eligible for bonding coverage.

HOW MUCH COVERAGE CAN THE FEDERAL BONDING PROGRAM PROVIDE TO BUSINESSES?

Businesses can request different amounts of coverage, based on individual circumstances. Bonding begins at a default amount of \$5,000 and increases in increments of \$5,000 to a maximum of \$25,000.

HOW IS THE BONDING PROCESS INITIATED?

The bonding process can be initiated by either the business hiring or by an eligible job seeker. The process can be started by contacting:

A Local Bonding Coordinator. Find a Local Coordinator at dol.ny.gov/federal-bonding-program-0.

OR

The New York State Bonding Coordinator at specialpopulations@labor.ny.gov.

AS A NEW YORK STATE AGENCY PARTNER SERVING INDIVIDUALS WHO ARE JUSTICE-INVOLVED, YOU SHOULD KNOW:

Employment is one of the most significant deterrents to:

- Continued criminal behavior (also known as recidivism)
- Addiction
- Exacerbation of mental health challenges and
- Overall poor self-esteem

Employment allows a person to not only be a part of a work community, but to once again be a part of the community at large. For job seekers facing multiple challenges to obtaining employment, the Federal Bonding Program is one tool that can be used to assist them in finding the work that will help them become a part of their communities once again.

Bonding assists with addressing challenges to employment such as:

- Previous justice-involvement
- Previous incarceration
- Lack of significant work history
- Poor credit or previous bankruptcy
- A dishonorable discharge from the military, and more

These challenges may prevent an individual from being covered by a businesses' regular fidelity bond insurance.

The Federal Bonding Program has no costs or paperwork for businesses or for job seekers. The New York State Department of Labor processes all necessary paperwork.

This program has no deductible should a claim need to be filed.

The program has a 1% default rate nationally.

The bonding program can provide coverage to employees who are hired on a full-time, part-time, temporary, or temporary-to-permanent basis.

A fidelity bond through the program can be processed in as little as 24 to 48 hours.

For more information, visit dol.ny.gov/federal-bonding-program-0.

If you have questions about how the Federal Bonding Program can help you to improve the outcomes of your participants, reach out to the NYSDOL Special Populations Team: SpecialPopulations@labor.ny.gov

