



Covering Your Assets with a Bond when Hiring At-Risk & Hard-to-Place Employees

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You are a small business owner in search of employees that fit perfectly with your business. However, it seems that most of your applicants are ex-offenders, individuals with poor credit records, youth and adults who lack work histories. You are seriously considering hiring an at-risk and hard-to-place employee, but you have major reservations. Well, thanks to the U.S. Department of Labor’s Federal Bonding Program, you can cover your assets when hiring at-risk and hard-to-place employees.

The History of the U.S. Department of Labor’s Federal Bonding Program

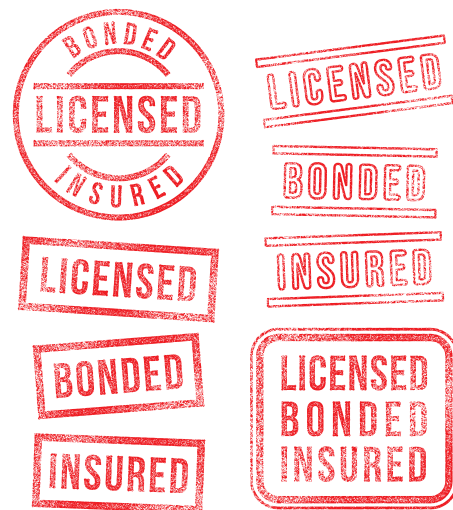
The U.S. Department of Labor established the Federal Bonding Program in 1966 to provide fidelity bonds to employers to insure their business if they hire at-risk, hard-to-place job seekers who cannot get private coverage. The Federal Bonding Program provides a fidelity bond that is a limited-liability insurance policy at NO COST to the job applicant or employer. Thousands of employers across the country have integrated the Federal Bonding Program into their hiring practices – industries that support our country’s economy – hospitality, retail, construction, transportation, auto repair, manufacturing, healthcare, non-profits, banking, tourism and more. Federal bonding has helped more than 40,000 individuals become employed.

- Over 99% of those bonded have proven to be honest employees
- Only a 1% default rate

The federal fidelity bond from CHUBB Insurance insures employers against theft, forgery, larceny, or embezzlement by the bonded employee for the first six months of a selected individual’s employment. Each bond has a \$5,000 limit with \$0 deductible.

Additional Advantages of the Federal Bonding Program

- NO application for job seekers to complete
- NO papers for employers to submit or sign
- NO formal bond approval process
- NO federal regulations applicable to bonds issued
- NO follow-up or required termination actions
- NO deductible paid if bond claim is filed by the employer
- NO age requirements (other than legal working age in state)



Eligible New Hires for the Federal Bonding Program

- Ex-offenders
 - Employment is the #1 reason for successful re-entry of ex-offenders into society.
 - Employed ex-offenders are twice as likely to stay out of prison than those who do not have jobs.
- Individuals in recovery from substance use disorders
- Individuals who have a disability
- 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



Kentucky Businesses Applying for the Federal Bonding Program

Contact your local Kentucky Career Center (KCC) or the KCC Federal Bonding Coordinator via email: workforce@ky.gov

For More Information about the Federal Bonding Program

Visit the Federal Bonding Program website: www.bonds4jobs.com

To note - Bonds can be issued as soon as the applicant has a job and starts working. 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% 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 CHUBB Insurance if the worker has demonstrated job honesty.

The bond **DOES NOT** cover liability due to poor workmanship, job injuries, and work accidents. It **DOES NOT** provide bail, contractor performance bonds, or license bonds for self-employment.

Resources

- Salesforce. (n.d.). Retrieved April 05, 2021, from <https://kydev.my.salesforce.com/sfc/p/#t00000004X3h/at0000000cRcn/ZtCHbraZlCszQl7D3sTNDR1fM4OzHpn0GXgqndJMsY4>
- The federal BONDING program: A US Department of Labor initiative. (2021, March 31). Retrieved April 05, 2021, from <https://nicic.gov/federal-bonding-program-us-department-labor-initiative>



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