

Mass Workforce Issuance

Workforce Issuance No. 07-31

☐ Policy ☒ Information

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Associate Directors
DCS Field Managers

cc: WIA State Partners

From: Susan V. Lawler, Director
Division of Career Services

Date: May 17, 2007

Subject: **Federal Bonding Program**

Purpose: To provide Local Workforce Investment Boards, One-Stop Career Center Operators and other local workforce investment partners with information regarding the Federal Bonding Program administered by the Executive Office of Labor and Workforce Development, Division of Career Services.

Background: In 1966 the U.S. Department of Labor established The Federal Bonding Program to provide Fidelity Bonds that guarantee honesty for “at-risk”, hard to place job seekers. The bonds cover the first six months of employment. There is no cost to the job applicant or the employer. The Federal Bonding Program is a means by which the U.S. Department of Labor has arranged fidelity bond insurance coverage to be given to employers to guarantee the job honesty of ex-offenders, welfare recipients, those with poor work histories, youth and other high-risk job applicants. Detailed information about the U.S. Department of Labor Federal Bonding Program can be found at <http://www.bonds4jobs.com>.

Eligibility:

- a) Employers are eligible if they are hiring an individual for a full-time job of at least 30 hours a week that should last at least six months. The bond insurance is available for any job at any employer.

- b) Employees are eligible if they possess the occupational skills necessary to qualify for the employer's position and are not otherwise eligible for coverage under the employer's regular bond insurance coverage. Self-employment is not covered. No candidate may be covered for more than one job at the same time.

Note: A Fidelity Bond may be issued on behalf of an individual *only for a specified job with a specified employer*. An individual may not be given a Bond or given the Fidelity Bond Certification Form (see below) as a marketing tool for as yet unidentified or unspecified employment opportunities.

Amount of the Bond:

Bonds will generally be issued in the amount of \$5,000. Any request for a Bond amount in excess of \$5,000 will be reviewed by the Massachusetts Bonding Representative on a case-by-case basis.

Duration of Bond:

The Federal Bonding Program insurance policy is issued free of charge to the employer for a six-month duration. If the worker covered by the bond changes jobs before the end of the six months of insurance coverage, a second and final bond covering the same worker can be issued to the new employer. If, at the end of the six months of free bond coverage the worker has not caused a claim to be paid to the employer under the bond, the employer can choose to arrange to purchase continued bond coverage for the worker at the regular commercial rate.

How to Apply:

To obtain a bond the prospective employer may apply at any One-Stop Career Center by showing that a valid job exists, that the employee meets the job qualifications, and that the bond is needed for the employee to keep the job. To request a fidelity bond, the One-Stop Career Center staff person must use the required application: the Fidelity Bond Certification Form (Attachment A). Copies may also be downloaded from the U.S. Department of Labor Federal Bonding Program website:

<http://www.bonds4jobs.com>.

Click on "Procedures for Bond Purchases and Management" and then on "Forms and Attachments".

In many cases, the actual request for the Fidelity Bond may come directly from the prospective employee, not the employer. In such cases the Fidelity Bond Certification Form can only be completed and submitted after the career center staff person has confirmed the offer of employment of the individual and the need for the fidelity bond with the employer. In such cases the staff person will complete the "Employer Receiving Bond" section of the form. The employer's signature *is not* required on the certification form

Effective Date of Coverage:

The bond is effective on the date the employee starts work or immediately upon the signature of the designated One-Stop Career Center staff person (Job

Placement Agency section of the form), if the employee has already started work. The bond will be mailed directly to the employer by the Travelers Property Casualty Company. Bonds are issued through the insurer's agent, the McLaughlin Company, in Washington, D.C.

The completed Fidelity Bond Certification Form should be faxed to David Sullivan, the Massachusetts Bonding Representative at 617-727-8671 for review and approval. The original copy should be retained by the One-Stop Career Center.

NOTE: Local staff must not send the completed Fidelity Bond Certification Form directly to Ron Rubin of The McLaughlin Company as cited on the form, itself. If approved, the Bonding Representative, David Sullivan will affix the Bond stamp and forward the form to Mr. Rubin of the McLaughlin Company, directly.

Action:

Required: All One-Stop Career Center staff should be informed of the contents of this Issuance and assure that appropriate procedures are in place to comply with the requirements of the Federal Bonding Program.

Inquiries: Please email all questions to Dave Sullivan at dsullivan@detma.org or call Dave at 617-626-5733. Also, indicate Issuance number and description.