The Federal Bonding Program and Job Development

Introduction

A job can be the spark of hope that changes the path for a homeless veteran and his or her family. Many homeless veterans, who are accustomed to living on the street, have had altercations with the law. Now their struggle to secure employment has just gotten more difficult because they will not pass an employers' criminal background search. Ex-offenders do face a unique set of challenges but with proper support and guidance these challenges can lead to competitive employment success.

In 1966, the U.S. Department of Labor (USDOL) created the Federal Bonding Program (FBP) as an employer job-hire incentive that guaranteed the job honesty of at-risk job seekers. Federal financing of Fidelity Bond insurance, issued free-of-charge to employers, enabled the delivery of bonding services as a unique job placement tool to assist ex-offenders, and other at-risk/hard-to-place job applicants (e.g., recovering substance abusers, welfare recipients, poor credits, etc.) The various State Employment Services (ES) comprised the national delivery system for issuing to employers the bonds that USDOL had purchased from the Aetna Casualty and Surety Company (now owned by and operated as Travelers Casualty and Surety Company of America; referred to hereafter as TRAVELERS).

One of the main barriers facing ex-offender in gaining employment after serving their sentence is identifying employers who are willing to take a risk. It can be scary for employers to hire an ex-offender and often companies have rules and policies which restrict the employment of individuals with specific criminal backgrounds. However, this does not mean that individuals with a criminal background will not be able to find employment but it makes it harder and may take more time and incentives to be successful in the job market.

Key Point

Assisting employers to reduce their risk and provide incentives for hiring ex-offenders has proven to work. Any program which helps the employers to feel better regarding a decision to hire someone with a criminal background may open doors for many ex-offenders seeking to secure employment. One program which has proven to be successful for the hiring of ex-offenders is the Federal Bonding Program. This program was created in 1966 by the U. S. Department of Labor (USDOL) as an employer job-hire incentive that guaranteed the job honesty of at risk job seekers. Federal financing of Fidelity Bond Insurance, issued free of charge to employers, enabled the bonding services as a unique job placement tool to assist ex-offenders and other at risk hard to placement individuals (e.g. recovering substance abusers).

Federal Bonding Program for Ex-Offenders

Individuals who have in the past committed a fraudulent or dishonest act, or who have demonstrated other past behavior which casts doubt upon their credibility or honesty, often have a difficult time securing employment due to their previous activities. These individuals are considered as "at risk" job applicants by the employer community. The Federal Bonding Program can help increase the ex-offenders chances of getting employment because it creates an incentive for the employer to hire. The employer will reduce his risks by utilizing the Federal binding program when hiring ex-offenders.

<u>What Is The Federal Bonding Program?</u> It is an insurance policy to protect the employer against employee dishonesty. It is like a "guarantee" to the employer that the person hired will be an honest person. It covers any type of stealing, forgery, larceny, or embezzlement. It does not cover such things as job injuries, poor workmanship, or work accidents. Also, it does not act as a bail bond or court bond for legal issues. It is not a license bond needed for self-employment, nor a contract bond.

How Does The Bond Help Someone Get a Job? The bond is given to the employer free of charge and serves as an incentive to the company to hire potential workers who are ex-offenders or has some other at risk factor in their background which makes it difficult for them to secure employment. The employer is able to access someone with good skill sets with a promise of honesty on the job. Individuals who are considered not bondable can ultimately become commercially bondable by demonstrating job honesty during the 6 months of bond coverage under the Federal Bonding Program.

However, some job seekers may find themselves in a “catch-22” situation, that is you can’t get the job without the bond; and you can’t get the bond without the job offer. In such situation, it is a good idea to talk with your state Bond Coordinator to see if a bond could be turned around very quickly, should an employer be willing to make a job offer with the expectation that a bond can be issued within 72 hours or other set time period.

Who is Eligible for the Bonding Service? Anyone who is considered an “at risk” job candidate is eligible for bonding services, including ex-offenders, recovering substance abusers, welfare recipients, individuals with poor credit, economically disadvantaged youth and adults who lack a work history, individuals dishonorably discharged from the military, and others. Bonds can be issued to cover already employed workers who need bonding in order to prevent being laid off or secure a transfer or promotion to a new job at the company. Bonding coverage can apply to any job at any employer in any state. Issuance of the bond for job placement can be requested by the employer or the job applicant. The request is made to the local agency certified by the Federal Bonding Program For the bond to be issued the employer must make the applicant an offer and set a date for the individual to start work. The job start date will be effective date of the bond insurance which will terminate six months later. After the six months, continued coverage will be made available for purchase if the worker has exhibited job honesty.

What restrictions exist in the Federal Binding Program? Workers must meet the State’s legal age for working. The job usually is to be for at least 30 hours per week. Workers must be paid wages with Federal Tax automatically deducted from their paycheck. Self-employed persons cannot be covered. A total of $5,000.00 bond coverage is usually issued, with no deductible amount for the employer. The employer gets 100% insurance coverage. Larger bond amounts can be issued if the certified agency issuing the bonds has acquired a special bond package and has determined a larger bond amounts are appropriate.

On-line Resources:

http://www.bonds4jobs.com/index.html

http://www.bonds4jobs.com/state-coordinators.html

If you have any questions please contact us at NVTAC@AHPNET.COM.