

# FEDERAL BONDING PROGRAM

The Federal Bonding Program (FBP) was established by the U.S. Department of Labor in 1966 to provide Fidelity Bonds for 'at-risk', hard-to-place job seekers. Bonds cover the first six months of employment and can be extended for an additional six months, when requested, at no cost to the job applicant or the employer.

## BONDING

Federal Bonding is a business insurance policy that protects the employer in case of any loss of money or property due to employee dishonesty including any type of stealing by theft, forgery, larceny, or embezzlement. The mission of the FBP is to give employers protection by bonding job candidates considered to be higher risk. There are not out of pocket expenses for the employer because FBP bonds are provided free of charge and carry a \$0 deductible. By employing individuals eligible for a FBP, these businesses are building their workforce and contributing to the health of their community.

The FBP bond insurance limit ranges from \$5,000 to \$25,000 (1 bond=\$5,000) for a 6-month period with no deductible. When the bond expires, continued coverage may be purchased by the employer at the commercial rate if the worker demonstrated job honesty under the FBP coverage period. Any employee dishonesty committed on or away from the work site is covered if the employer presses charges.

## ELIGIBILITY

Participants must:

- Be justice involved, or
- Receive government assistance (TANF, SNAP, Medicaid, SSI), or
- Be a Veteran that has received a dishonorable discharge on DD214, and
- have an offer of employment contingent on receiving the Fidelity Bond.

Employment must be for paid wages with federal taxes automatically deducted. Work can be:

- Any South Dakota Employer
- Full or part time
- Hired by a temporary agency

## BOND ISSUANCE

A fidelity bond can be requested by DLR job service staff or employer when the individual meets the eligibility criteria identified above.

To request a bond, complete **Federal Bonding Program – Request Bond to Be Issued** [Form 67](#).

Once the bond has been issued by the insurance company, an email of the bond will be sent to the employer. A paper copy of the bond is available upon request to the insurance company.