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Department
of Labor

NEW YORK STATE FEDERAL BONDING PROGRAM

What Businesses 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 BUSINESS LOOKING TO SCREEN AND HIRE NEW EMPLOYEES

You might have concerns about hiring a job seeker after learning more about their history through a background check, credit check, or personal disclosure. The Federal Bonding Program can alleviate these concerns.

The Federal Bonding Program is a no-cost hiring incentive. It provides you with the chance to establish relationships and build trust with new hires, particularly individuals whose background may have created questions about honesty.

The program provides added financial security for your business.

The Federal Bonding Program has been in existence for over 50 years and currently has a 1% default rate nationwide. To date, over 50,000 individuals have been bonded through the program.

There is no cost and no paperwork that a business is required to complete.

By bonding employees through the Federal Bonding Program, you are protected from the potential loss of money, property, product, or cash due to employee dishonesty.

The standard fidelity coverage provided by the program is good for six months. After six months, the bond will automatically expire, unless the New York State Department of Labor is contacted to request an additional six months of coverage. We recommend reaching out one to two months prior to the expiration date of the initial bond.

Once the FBP fidelity coverage has ended, the employee can be picked up by your regular fidelity coverage. Fidelity bond coverage through the FBP has no deductible, in case a claim is filed for a loss.

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

If you have questions about the Federal Bonding Program and how it can help you recruit qualified employees and create a more diverse workforce, reach out to the NYSDOL Special Populations Team: SpecialPopulations@labor.ny.gov

