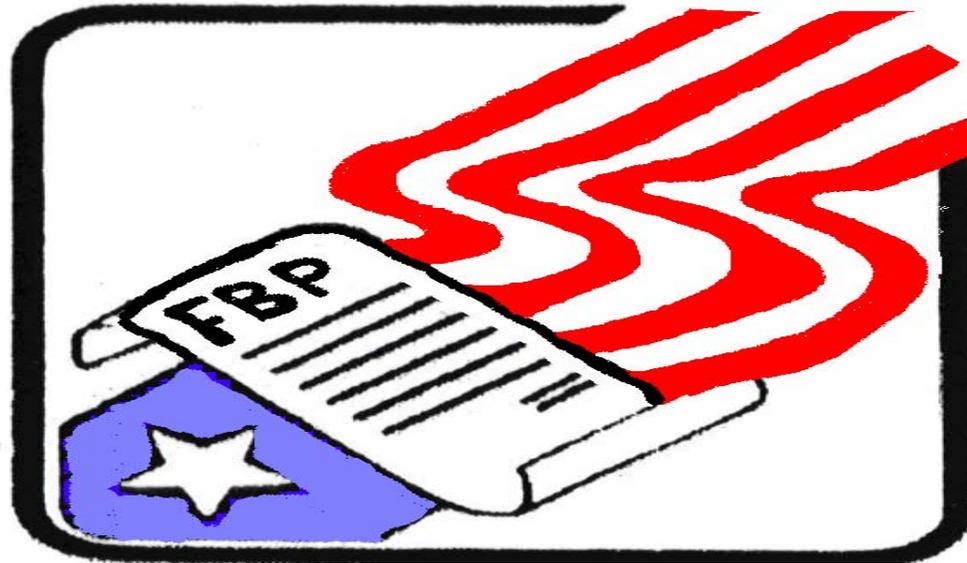


# The Fidelity Bonding Program of Michigan



[www.michigan.gov/fidelitybonding](http://www.michigan.gov/fidelitybonding)



# **Administrator for Michigan**



**Department of Labor  
and Economic Growth  
Bureau of Workforce Transformation  
Labor Exchanges Services Division**



# Background of the Program

- First considered by congress in 1962.
- First enacted for Ex-felons in April 1965.
- Test trial projects of Federal bonding launched in four U.S. cities in 1966.



# Background of the Program (continued)

- Under President Lyndon Johnson, the bonding program expanded to 19 cities in March 1967.
- Federal Bonding Program (FBP) formally implemented nationwide on January 25, 1971. It was administered through all State Employment Service Offices.



# Background of the Program (continued)

- Moved into the Job Training Partnership Act (JTPA) allowing State administration in the late 1980s.
- Beginning with Program Year (PY) 1998, States must purchase the bonds.
- The State Of Michigan makes its first purchase of FBP bonds (275 bonds in all) on March 27, 1998.



# Bond Originator and Agent

- A Fidelity Bond is an *insurance policy* issued by the Travelers Property Casualty Insurance Company.
- The McLaughlin Company in Washington, D.C. is the nationwide program management agent for Travelers.

# Bond Coverage Is Free

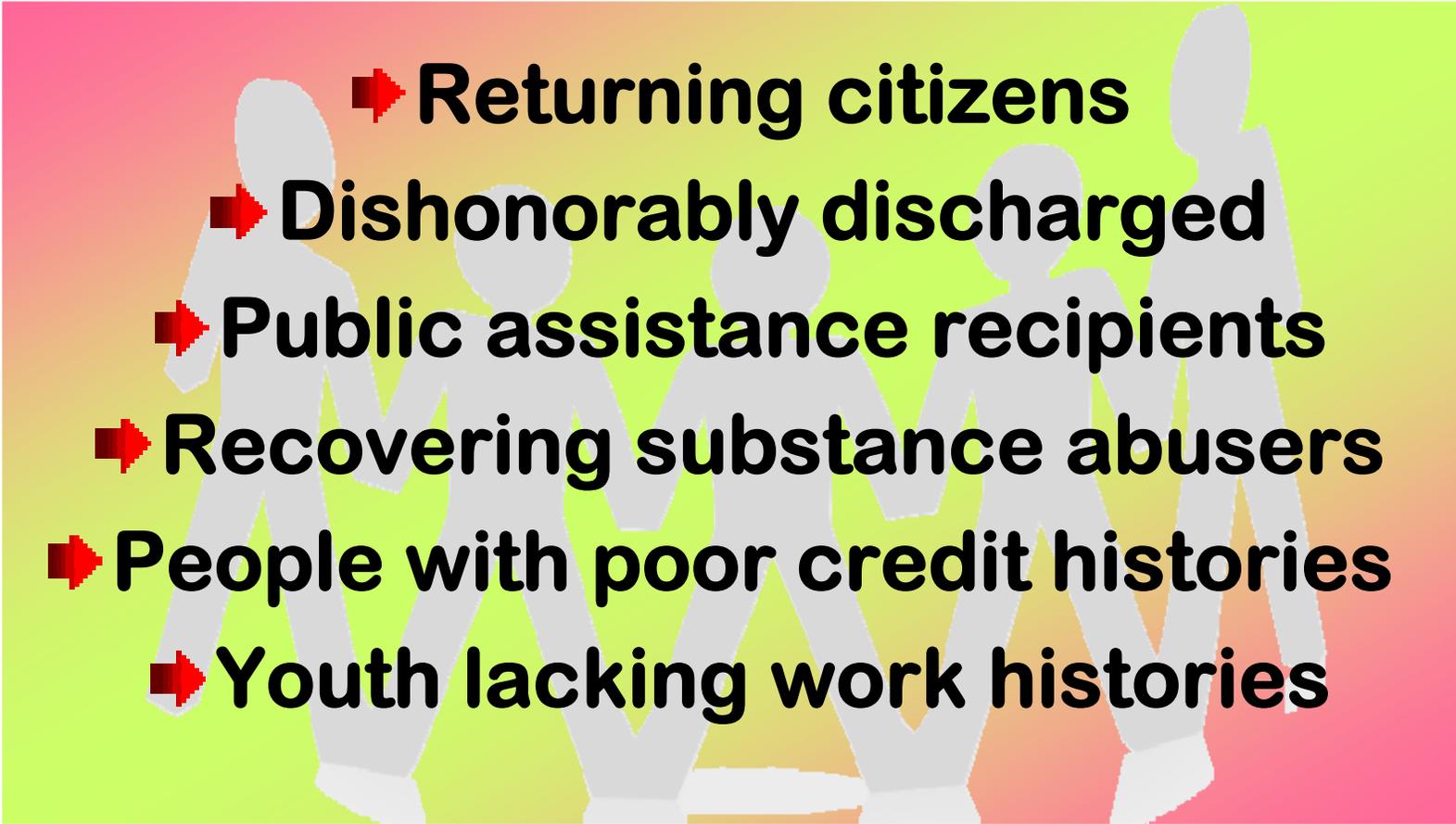
- *Free* for six months –  
additional coverage can be  
purchased

# Bond Coverage

- Provides business insurance coverage against theft committed by the worker on the job,
- For high-risk workers,
- For job seekers denied by commercial bonding companies.



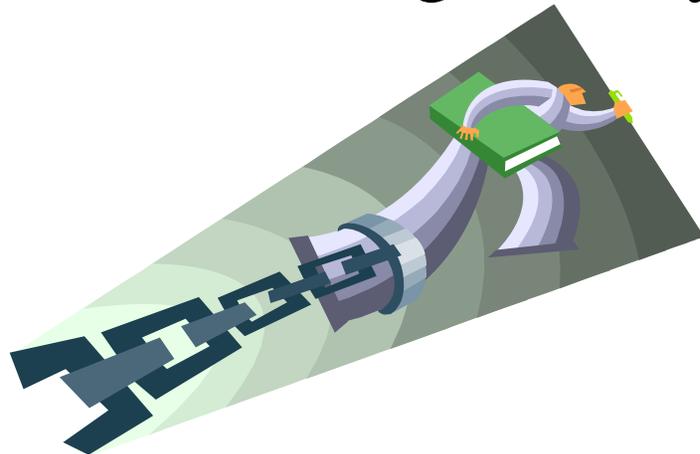
# Target Groups

- 
- ▶ **Returning citizens**
  - ▶ **Dishonorably discharged**
  - ▶ **Public assistance recipients**
  - ▶ **Recovering substance abusers**
  - ▶ **People with poor credit histories**
  - ▶ **Youth lacking work histories**

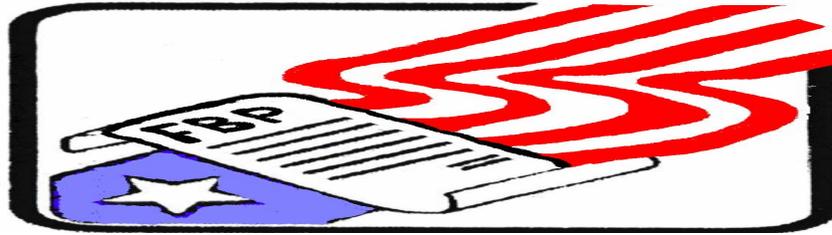
# Other Eligible People

Anyone presently employed and ...

- In need of bonding for continued employment,
- Was denied bonding for any other reason.



# Administration by the States



- ✓ The Federal Government allows the states to administer the FBP according to their targeted high-risk job seekers.
- ✓ Some states like Michigan, serve all high-risk job seekers.
- ✓ Some states like Ohio, serve only Ex-felons.
- ✓ Five states do not offer the FBP: Kentucky, Nevada, Oregon, Rhode Island, and Virginia.

# Eligible Businesses



➡ For profit



➡ Private or public

➡ Those that hire individuals from certain high-risk groups



# Benefits for Employers

- **Free bond--business insurance coverage for 6 months,**
- **Job placement incentive,**
- **Easy to process**
- **Insures against loss due to dishonesty.**



# Employer Requirements

- Bond must be a condition of hire.
- Guaranteed full-time job – at least 30 hours every week for the life of the Fidelity Bond.
- If a temporary job – at least six months of continuous employment at 30 hrs./week.
- Must prepare an Offer of Employment letter.
- Must withhold Federal taxes from wages.

# Exempt From Coverage

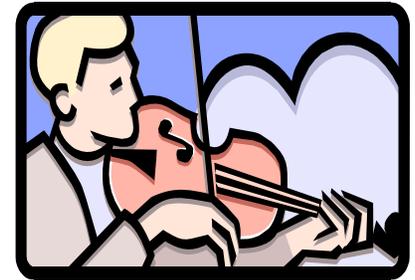
- Poor workmanship,
- Not a bail or court bond for the legal system,
- Not a contract bond, performance bond, or license bond ,
- On-the-job injuries or accidents.



# Ineligible Employers and People



- **Self-employed people**
- **Independent contractors**
- **Entrepreneurs**



# Job Seekers May...

- Initiate the bonding process,
- Request an Offer of Employment letter,
- Bring the Offer of Employment letter to the MWA service provider .



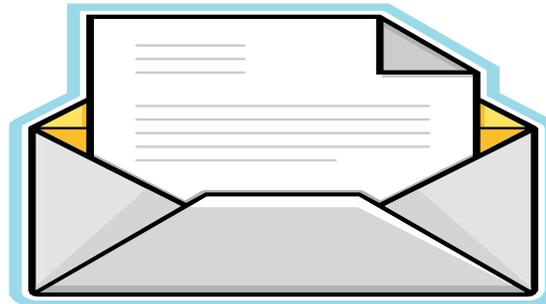
# Benefits for Job Seekers

- Free bond coverage for 6 months,
- Simple process,
- Job placement,
- A regular paycheck,
- Work experience,
- A chance for self-improvement,
- Springboard to a better life.

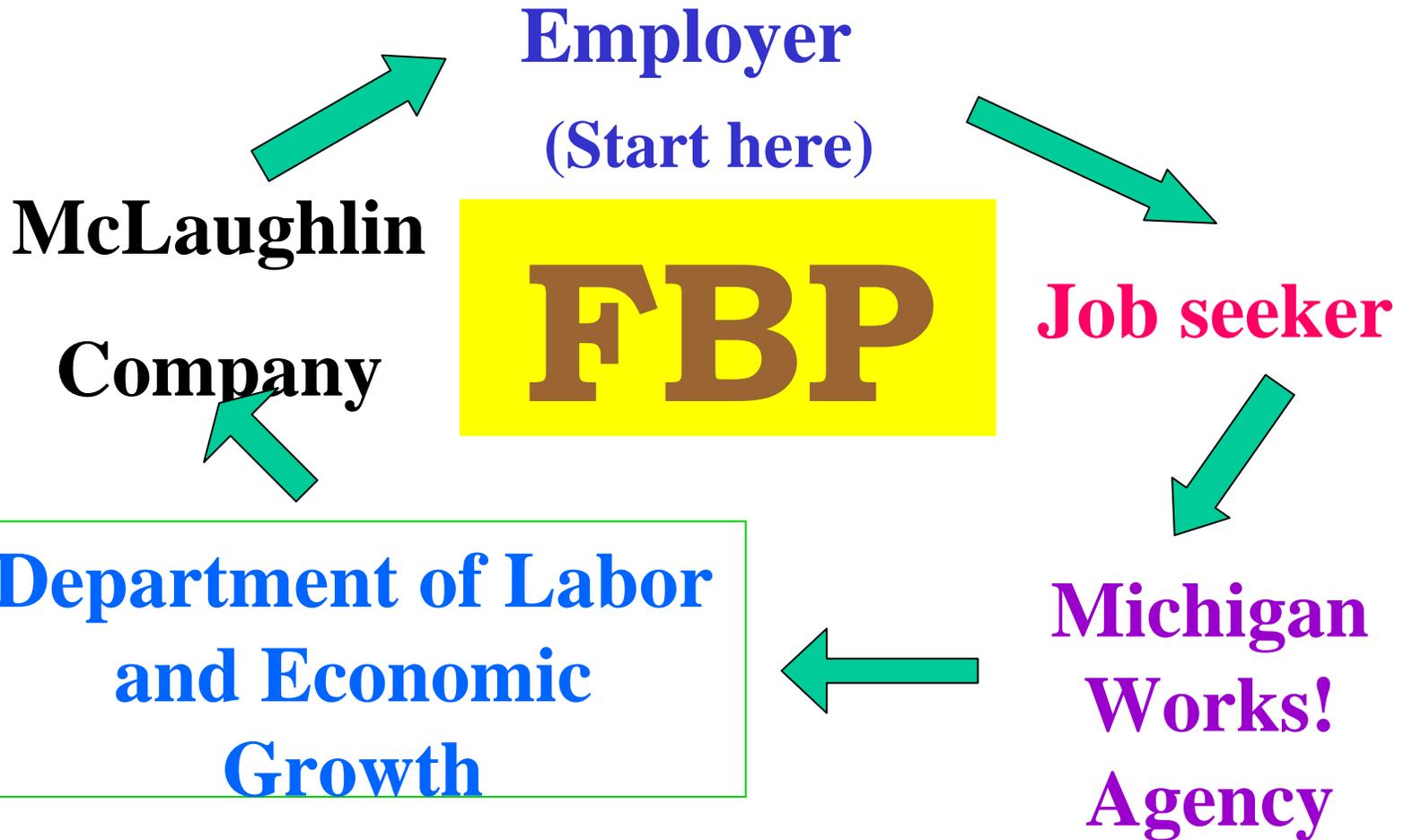


# Job Seeker Requirements

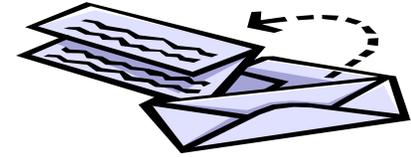
- A returning citizen or rejected by a commercial bonding company,
- Must be 18 years of age,
- Offer of Employment letter.



# The Process



# Offer of Employment Letter Requirements



- On the employer's letterhead,
- List job seeker's name, address, city, state & zip code,
- Identify job title, rate of pay & conditions of work,
- Include statement: employment is conditional upon the worker receiving a Fidelity Bond,
- Show date of employment offer.



## **Offer of Employment Letter Requirements (continued)**

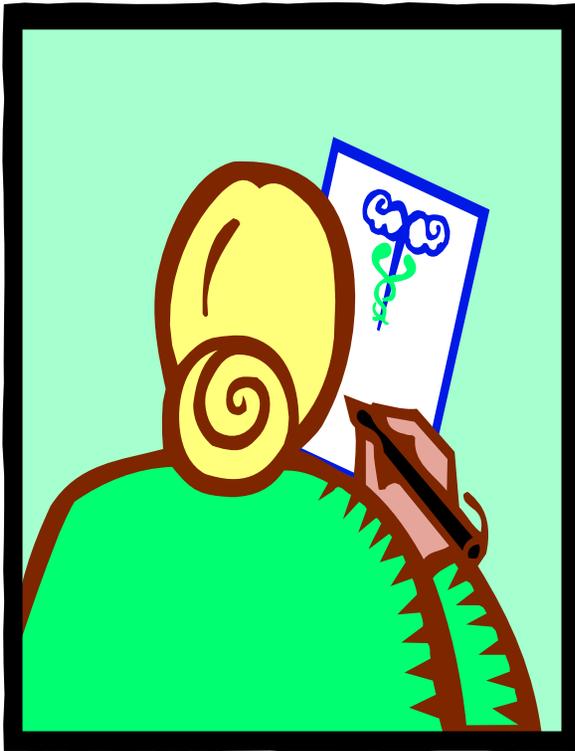
- List amount of bonding needed from \$5K - \$25K,**
- Include justification for amounts over \$5,000,**
- State that Employment is full-time,**
- Give starting date,**
- At end of letter—the typed name and position of the hiring authority plus the original signature.**

# Fidelity Bond Certification Form

- ❖ Contains information about the agency, the employer, and the job seeker covered by the bond.
- ❖ Completed by the Michigan Works! Agency (MWA) bonding coordinator on behalf of the employer.



# Fidelity Bond Certification Form (continued)



On the reverse side of the form is a list of terms and definitions used in the form.

# Bond Unit Equivalence

Units	Value
1	\$5,000
2	\$10,000
3	\$15,000
4	\$20,000
5	\$25,000

# Bonding Stamp

The official bonding insurance stamps are affixed to this document.





# **Mailing Instructions**

**Mail the Fidelity Bond Certification Form along  
with the Offer of Employment Letter to:**

**Michael Prus**

**State Fidelity Bonding Coordinator**

**DLEG/BWT**

**Labor Exchange Services Division**

**Cadillac Place**

**3032 W. Grand Boulevard**

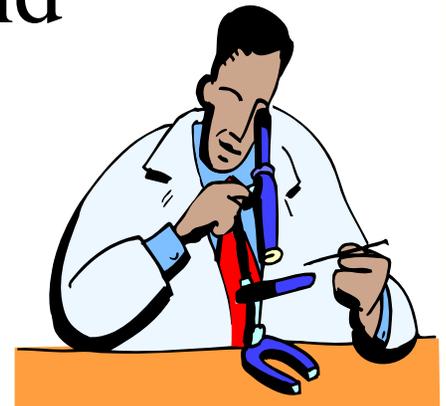
**Suite 9-400**

**Detroit, Michigan 48202**

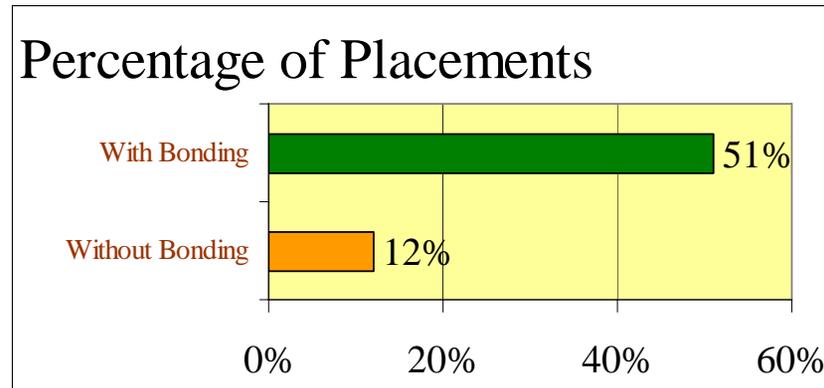
# MICHIGAN WORKS! AGENCIES



- Help job seekers to become bonded.
- Help employers bond job seekers.



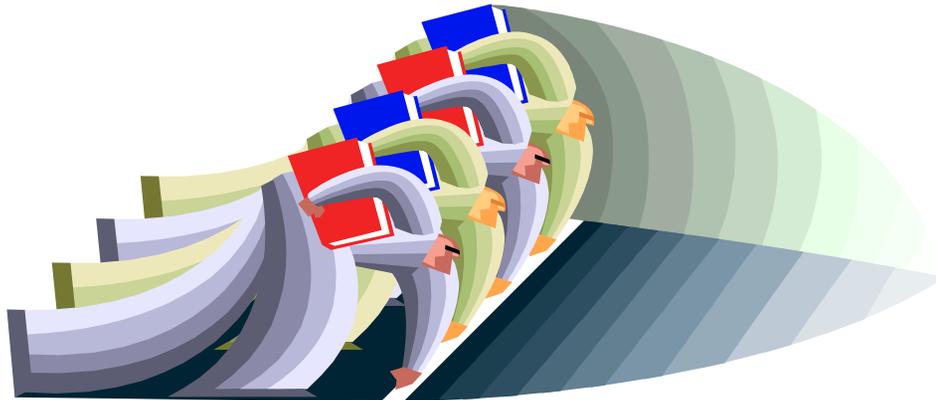
# The Bonding Difference



Advantage of Using Fidelity Bonding

# Success Of Program

- Low default rate,
- Consistent history,
- Nationally—98% Success Rate.



# Most Frequently Bonded Occupations

- Custodial or maintenance workers,
- Office workers,
- Technicians,
- Retail sales associates,
- Warehouse and delivery workers.





# For Assistance



**Michael Prus**

State Fidelity Bonding Coordinator

DLEG/BWT

Labor Exchange Services Division

3032 W. Grand Boulevard

Suite 9-400

Detroit, Michigan 48202

**[prusm@michigan.gov](mailto:prusm@michigan.gov)**

**1-888/253-6855 (MTB Help Line)**

# **\*\*Remember\*\***

Any **occupation** is potentially bondable because it is the **person**, the individual job seeker, who is being bonded.





# Contact Information

Today's presenter for Fidelity Bonding has been Michael Prus.

For a copy of this presentation, send an email request to Darlene Hubskey, [hubskyd@michigan.gov](mailto:hubskyd@michigan.gov)

The Fidelity Bonding Program presentation will be posted on the training Website at: [www.michigan.gov/bwt](http://www.michigan.gov/bwt) in the next few days.