Second Chance Hiring & The Federal Bonding Program

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What is it?

The **Federal Bonding Program (FBP)** provides six months of free fidelity bond coverage to employers hiring workers whose backgrounds pose significant barriers to securing or retaining employment, primarily justice-involved individuals who have been previously incarcerated and are returning to the community. The zero-dollar deductible bonds cover any fraudulent or dishonest acts of the bonded employee. The FBP was created by the U.S. Department of Labor in 1966 and is jointly administered by state workforce programs.

What employers are eligible?

The program covers any employer that hires a covered employee for full- or part-time work, including individuals hired by temporary agencies. The employee must be paid wages, with federal taxes automatically deducted from the employee's pay. Self-employed people are not eligible.

What employees are covered?

Newly-hired employees who are the legal working age in their state of employment and who faced difficulty in finding employment, including:

- justice-involved individuals,
- individuals in recovery from substance abuse disorders,
- individuals receiving welfare,
- individuals with poor credit records or who have declared bankruptcy,
- economically disadvantaged youth and adults who lack work histories, and
- individuals dishonorably discharged from the military.

What exactly is the benefit?

Employers receive FBP bonds free of charge to protect against up to $5,000 of loss from fraud or dishonesty by the new employee. The bonds may be issued to the employer as soon as the applicant has a job offer with a start-date. They become effective the day the employee starts work. The coverage lasts six months.

What costs accrue for the employer?

There are no costs to the employer for FBP bonds issued for new employees covered by the program. After the six-month bond term ends, the employer may purchase continued bond coverage. Employers may purchase additional coverage, including a bond to cover a current employee who is not bondable under the employer's insurance and needs FBP bonding to prevent a layoff or secure a promotion to a new job that requires bonding.

Where can North Carolina employers go to learn more?

The North Carolina Department of Commerce has an information page on the FBP. The FBP program's website provides information for employers, potential employees, and state program coordinators.

Sources: FBP Website, FBP Website FAQ's, FBP FAQ's for State FBP Bonding Coordinators, NC Department of Commerce's FBP Info Page.