



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
LANSING

STEPHANIE BECKHORN
ACTING DIRECTOR

OFFICIAL
Policy Issuance (PI): 19-22

Date: July 26, 2019

To: Michigan Works! Agency (MWA) Directors

From: Joe Billig, Division Administrator **SIGNED**
Targeted Services Division
Workforce Development Agency

Subject: Fidelity Bonding Program (FBP) of Michigan

Programs
Affected: FBP

References: The Workforce Innovation and Opportunity Act (WIOA) of 2014,
Public Law 113-128 (29 U.S.C. Section 3101, *et. seq.*)

The Wagner-Peyser Act of 1933, as amended by the WIOA of 2014

Rescissions: 10-29, Change 3

Background: The FBP mitigates risk for employers when hiring and reduces barriers to employment often faced by job seekers. The FBP assists high-risk job seekers in obtaining employment by providing an incentive for employers to hire job seekers who are qualified but may be considered high-risk. A fidelity bond is a business insurance policy that insures an employer against employee dishonesty including theft, embezzlement, forgery, and larceny.

The Workforce Development Agency (WDA) funds the FBP insurance coverage to employers through the appropriation of Wagner-Peyser Employment Service (ES) funds, enabling private and public, for-profit and non-profit employers to participate in the program. This policy outlines the FBP, which is a coordinated approach between the WDA and the MWAs to issue Fidelity Bonds to employers on behalf of job seekers whose personal background may make securing employment difficult.

Policy:

As a condition of receiving Wagner-Peyser ES funds, each MWA must meet federal and state requirements, and follow the instructions in this policy to successfully operate the FBP. Federal law will supersede state law when state law conflicts with federal law that affects the FBP. The features of the FBP include:

- Free bonding for the first six months of employment.
- Bonds available in \$5,000 increments; up to \$25,000 in total coverage.
- No deductible.
- Easy application process.
- Extended coverage available directly from Union Insurance Group (UIG) for bonds issued under the FBP.

The following employers may be eligible to participate in this program:

- For-profit public sector employers.
- For-profit private sector employers.
- Non-profit public sector employers.
- Non-profit private sector employers.

Requirements that employers must meet to utilize the FBP include:

- Offer and guarantee full-time employment to high-risk job seekers, i.e., employment must be at least 30 hours or more per week for the first six months of employment. Part-time employment is not eligible.
- Pay wages to high-risk employees with automatic deductions for federal taxes.

High-risk job seekers are classified as the following:

- People with poor credit histories including bankruptcies.
- Recovering substance abusers.
- Temporary Assistance for Needy Families recipients.
- Justice-involved individuals.
- Dishonorably discharged from military service.
- Youth in apprenticeships.
- Those who cannot be commercially bonded.
- Economically disadvantaged youth and adults who lack a work history.
- Asset Limited, Income Constrained, Employed (ALICE)

Note: The use of the term “economically disadvantaged” signifies a job seeker that does not have employment to produce a supportable income. Under this term, the job seeker could be in various stages of being economically disadvantaged ranging from being unemployed to underemployed. It is the employer who determines whether a job seeker lacks a work history.

The following individuals are not eligible to participate in this program:

- Independent Contractors (1099s).
- Entrepreneurs.
- Self-Employed.
- Recovering substance abusers who have not completed their rehabilitation program mandated either by legal or medical authorities.
- High-risk job seekers who can be commercially bonded.

Guidelines for protecting the integrity of Fidelity Bonding:

- Issue bonds at no cost to the employer or job seeker.
- Transfer of issued bonds from one employer to another is not permitted.
- Bondee cannot be bonded for the same position with the same employer more than once.
- If a current bondee is displaced from employment by no fault of their own during the life of the bond by the employer or leaves the job for positive reasons, the local MWA must determine if the job seeker is eligible to be bonded at a new job. If the determination is favorable, a new bond must be issued to the second employer for a six-month period; i.e., completion of a new Bond Certification Form (Attachment B).
- Issuance of more than two separate bonds for the same bondee is not recommended.
- Cover as many placements as possible with any bond package, issuing only one bond unit per placement unless justified. “Placement” refers to a person who has been placed into a job with the assistance of an entity such as a One-Stop career center.

All classified high-risk job seekers listed above, except for ex-offenders, must contact a commercial bonder to inquire if they can be commercially bonded before applying for the FBP. They cannot use the FBP if they are commercially bondable regardless of the cost.

Program Administration

The FBP is a partnership between the U.S. Department of Labor (USDOL) and the UIG insurance brokerage firm, as agent for Chubb Ltd. Federal management and direction for the FBP are provided by the UIG in Chicago, Illinois under contract with the USDOL's Employment and Training Administration. The State of Michigan's administration of the FBP of Michigan is a coordinated approach between the State and the MWAs.

The responsibilities of the MWAs and those of the WDA are listed below.

The MWA responsibilities include:

- Provide local administration of the FBP of Michigan in their service centers and other service areas.
- Designate MWA Fidelity Bonding Coordinators in their service centers and other service areas.
- Provide in its entirety the name, location, address, city, state, zip code, telephone number, facsimile number, email address, work schedule, and times available to conduct bonding services of the MWA Fidelity Bonding Coordinators and the Alternate by completing the Local MWA Fidelity Bonding Coordinator Contacts form (Attachment A) at the beginning of every program year.
- **Notify immediately** the State Fidelity Bonding Coordinator when there is an elimination or change in the MWA Fidelity Bonding Coordinator's name, location, address, city, state, zip code, telephone number, facsimile number, email address, work schedule, and times available.
- Provide local computer, local area network, and telecommunications installation, operations, and maintenance.
- Comply with all applicable policies and procedures.

The WDA responsibilities include:

- Provide state administration of the FBP of Michigan by the State Fidelity Bonding Coordinator.
- Provide state and federal level accounting and reporting.
- Comply with all federal and state rules and regulations.

The duties of the MWA Fidelity Bonding Coordinators and the State Fidelity Bonding Coordinator are described below.

The MWA Fidelity Bonding Coordinators' duties include:

- Inform and promote the FBP to all customers.
- Collaborate with Business Services Representatives to promote the FBP to employers.
- Assist high-risk job seekers to become bonded through the FBP.
- Determine if job seekers are eligible for the FBP.
- Educate employers on the new procedures that must be met to utilize the FBP.
- Complete the Bond Certification Form (Attachment B) with information verbally obtained from the employer by phone.
- Email a copy of the Bond Certification Form, once completed (Attachment B), to the State Fidelity Bonding Coordinator, Mr. Michael Prus at PrusM@michigan.gov.
- Place the Bond Certification Form in a secure and locked location.
- Send the employer the "Letter to Employer Confirming Bonding" (Attachment C) once bond issuance has been confirmed by the State Fidelity Bond Coordinator. Make a copy of this document for the participant's file for future reference.
- Monitor to ensure bondee maintained employment for six months. If bondee terminates employment for negative reasons, then bondee cannot be bonded in Michigan again.
- A list of those who cannot be bonded again is to be sent to State Fidelity Bonding Coordinator.
- Contact the State Fidelity Bonding Coordinator for assistance when needed.

The State Fidelity Bonding Coordinator's duties include:

- Inform and promote the FBP to all customers.
- Train the MWA Fidelity Bonding Coordinators in the processing of Fidelity Bonds as needed.
- Conduct FBP presentations and webinars for employers, agencies, service providers, department staff, MWAs, community-based neighborhood partnerships, and other institutions.
- Participate in job fairs and other events.
- Maintain a database of all bonds issued.
- Update the federal FBP director and the federal FBP coordinator on any issues or other concerns with the administration of the program.

- Account for the Fidelity Bonds that were purchased by the State versus the bonds that are available.
- Examine and review the completed Bond Certification Form (Attachment B) emailed by the MWA to confirm that the document has been correctly completed.
- Contact the MWA Bonding Coordinator if errors exist in the completed Bond Certification Form and instruct the coordinator of the steps needed to correct the errors.
- Issue the correct number of bonding stamp(s) from the UIG Portal.
- Record the bond information into the FBP database.
- Complete the “Request Bond to be Issued” form in the UIG Portal from the information on the Bond Certification Form received by the MWA.
- Contact the MWA Fidelity Bonding Coordinator after the bond has been issued.
- Maintain statewide list of bondees who cannot be bonded again due to terminating his or her employment within the first six months.
- Inform the responsible party for the purchase and payment of the Fidelity Bonds.

Action: The attached form, Local MWA Fidelity Bonding Coordinator Contacts (Attachment A), must be submitted by email within 30 calendar days from the issue date of this policy to Mr. Michael Prus at PrusM@michigan.gov.

Inquiries: Questions regarding this policy should be directed to the State Fidelity Bonding Coordinator, Mr. Michael Prus, by telephone at 517-335-4316 or by email at PrusM@michigan.gov.

This policy is available for downloading from the [WDA's website](#).

The WDA is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Please contact Ms. Paula Hengesbach by telephone at 517-241-3678 or by email at HengesbachP@michigan.gov for details.

The WDA is funded by State and Federal funds; more details are available on the Legal Disclaimer page at www.michigan.gov/WDA.

Expiration Date: Continuing

JB:MP:ph
Attachments

LOCAL MWA FIDELITY BONDING COORDINATOR CONTACTS

Michigan Works! Agency (MWA): _____

Program Year: _____

Program Title: Fidelity Bonding Program (FBP) of Michigan

Policy Issuance (PI) Number: 19-22

Name of Fidelity Bonding Coordinator	Name of Alternate If none, enter: N/A	Name of Location: Address: City, State, and Zip Code:	Telephone Number: Fax Number: Email Address:	Days Available: (M-F)	Times Available:

The Workforce Development Agency, in compliance with applicable federal and state laws, does not discriminate in employment or in the provision of services based on race, color, religion, sex, national origin, age, disability, height, weight, genetic information, marital status, arrest without conviction, political affiliation or belief, and for beneficiaries only, citizenship or participation in any federally assisted program or activity.

LOCAL MWA FIDELITY BONDING COORDINATOR CONTACTS FORM INSTRUCTIONS

1. Michigan Works! Agency (MWA): Enter the name of the MWA.
2. Program Year: Enter the appropriate program year.
3. Program Title: Enter the appropriate title for the plan being submitted. "Fidelity Bonding Program (FBP) of Michigan" has been pre-printed.
4. Policy Issuance (PI) Number: Enter the appropriate PI number. "19-22" has been pre-printed.
5. Name of Fidelity Bonding Coordinator: Enter the name of the MWA's Fidelity Bonding Coordinator in this column.
6. Name of Alternate: Enter the name of the Alternate for the MWA Fidelity Bonding Coordinator who will be conducting Fidelity Bonding services when the MWA Fidelity Bonding Coordinator is out of the office. If there is no Alternate for the MWA Fidelity Bonding Coordinator available, then place "N/A" in this column.
7. Name of Location:
Address: City, State, and Zip Code: Enter the Name, Address, City, State, and Zip Code of the location where the MWA Fidelity Bonding Coordinator's workstation is located in this column.

If the MWA Fidelity Bonding Coordinator has an outreach location in addition to their main workstation location where Fidelity Bonding services will be conducted, then the Name, Address, City, State, and Zip Code of the outreach location must also be listed. All outreach location information must be listed.

8. Telephone Number and Fax Number: Enter the Telephone Number and the Fax Number of the MWA Fidelity Bonding Coordinator's workstation location and all outreach locations.
Email Address: Enter the Email Address of the MWA Fidelity Bonding Coordinator.
9. Days Available: Enter the days that the MWA Fidelity Bonding Coordinator will be available to conduct Fidelity Bonding services at the main workstation location and all outreach locations. Please use the following:

M - Monday
T - Tuesday
W - Wednesday
Th - Thursday
F - Friday

If the MWA Fidelity Bonding Coordinator is available for everyday of the work week, then use M-F.

10. Time Available: Enter the time that the MWA Fidelity Bonding Coordinator will be available to conduct Fidelity Bonding services at the main workstation location and all outreach locations.

Indicate hours by using the following numbers for Standard Time; i.e., 1, 2, 3, 4, etc.

Specify minutes by using the following numbers; i.e., :00, :15, :30, or :45.

Designate whether it is Morning by using "a.m." or Afternoon/Evening by using "p.m."

Bond Certification Form

(Please Print)

Job Placement Agency

Name of Company/Agency: _____

Name of Contact Person/Bonding Coordinator: _____

Position: _____

Entity Type: Choose an item.

Address: _____

City: _____ State: _____ Zip Code: _____

Email: _____ Phone Number: ____-____-____

Employer Information (Employer Receiving the Bond)

Company Industry: Choose an item.

Company Name: _____

Contact Person: _____

Address: _____ City: _____

State: _____ Zip Code: _____ Phone Number: ____-____-____

Bond Affirmative Date (Date Employment Offer Made): Click or tap to enter a date.

Worker Information (Worker Covered by Bond)

Last Name: _____ First Name: _____

Address: _____ City: _____

State: _____ Zip Code: _____ Phone Number: ____-____-____

Occupational Codes: Choose an item.

Bond Effective Date (Scheduled First Day of Work): Click or tap to enter a date.

New Worker? Yes No Job Title: _____

Job Duties/Responsibilities: _____

Hours of Work Per Week: _____ Wages: _____

Workdays and Times: _____

Bond Insurance (Total Bond Limit)

Bond Insurance Amount (Check one): \$5,000 \$10,000 \$15,000 \$20,000 \$25,000

If bond is over \$5,000, why is more bonding required? _____

Employer is stating that employment is conditional upon the worker receiving a Fidelity Bond. The employment is full-time for at least six months and federal taxes will be automatically deducted from wages. All information related by the employer and recorded by the Contact Person/Bonding Coordinator is accurate.

Justice-Involved Individual: Yes No

Ethnicity: Choose an item.

If you chose other, please specify: _____

Has the employer agreed to the above statement: Yes No Today's Date: _____

Signature of Contact Person/Bonding Coordinator: _____

The completed BOND CERTIFICATION FORM is to be emailed directly to Mr. Michael Prus at PrusM@michigan.gov.

The Workforce Development Agency, in compliance with applicable federal and state laws, does not discriminate in employment or in the provision of services based on race, color, religion, sex, national origin, age, disability, height, weight, genetic information, marital status, arrest without conviction, political affiliation or belief, and for beneficiaries only, citizenship or participation in any federally assisted program or activity.

BOND CERTIFICATION FORM INSTRUCTIONS

The Contact Person/Bonding Coordinator will verbally read all items on the Bond Certification Form and record all information given by the employer. The Contact Person/Bonding Coordinator will correctly complete the Bond Certification Form when the employer calls to become bonded.

JOB PLACEMENT AGENCY

1. Enter the name of the Company/Agency requesting the bond(s).
2. Enter the Name of the Contact Person/Bonding Coordinator who will be completing this form.
3. Enter the Position of the Contact Person/Bonding Coordinator.
4. Click on the down arrow to select the Entity Type that the company is registered as.
5. Enter the Street Address of the company/agency.
6. Enter the City of the company/agency.
7. Enter the two-letter abbreviation for the State of the company/agency.
8. Enter the Zip Code of the company/agency.
9. Enter the Email of the Contact Person/Bonding Coordinator.
10. Enter the Phone Number of the Contact Person/Bonding Coordinator.

EMPLOYER INFORMATION (EMPLOYER RECEIVING THE BOND)

1. Company Industry—Click the down arrow to select the industry that the company is involved in; scroll to locate the industry; then select it.
2. Enter the Company Name in its entirety including Corp., Inc., LLC., Co., Ltd.
3. Enter the Name of the Contact Person for the company.
4. Enter the Address of the company including North, South, East, West, Street, Boulevard, Avenue (must be completely spelled out).
5. Enter the City of the company.
6. Enter the two- letter abbreviation for the State of the company.
7. Enter the Zip Code of the company.
8. Enter the Phone Number of the contact person for the company.
9. Select the Bond Affirmative Date. (The date the employment offer was made.) This is the date that the employer agreed (verbally) to hire a job applicant referred by the Job Placement Agency on condition that a Fidelity Bond would be issued to the employer. This date cannot be later than the applicant's first day of work.

WORKER INFORMATION (WORKER COVERED BY BOND)

1. Enter the Last Name of the worker.
2. Enter the First Name of the worker.
3. Enter the Address of the worker.
4. Enter the City of the worker.
5. Enter the two-letter abbreviation for the State of the worker.
6. Enter the Zip Code of the worker.

7. Enter the Phone Number of the worker.
8. Select the Occupational Codes of the worker—Click the down arrow to select the Occupational Codes that the Worker is involved in; scroll to locate the Occupational Codes; then select it.
9. Bond Effective Date (Scheduled First Day of Work)—Choose the date scheduled by the employer as the first day of work for the job applicant. (The Bond insurance begins on that date and remains in effect for a six-month duration.)
10. New Worker—Check either the “Yes” or “No” box.
11. Enter the Official Name of the Job Title that the worker is assigned to.
12. Enter the duties and responsibilities that are assigned to the job that the worker is accountable for.
13. Enter the Number of Hours per Week that the worker is assigned to.
14. Enter the pay (Wages) that the worker will receive per week.
15. Enter the Workdays and Times that the worker is scheduled to be at work.

BOND INSURANCE (TOTAL BOND LIMIT)

Bond Insurance Amount (Check one)—Check the amount of bonding coverage that the employer is requesting.

This is the dollar amount of insurance provided by the Fidelity Bond to protect the employer against any employee dishonesty. The TOTAL AMOUNT identified can be either \$5,000, \$10,000, \$15,000, \$20,000, or \$25,000 (no other amounts are acceptable; \$5,000 is the minimum bond amount; \$25,000 is the maximum). It should be noted that the bond issued has no deductible amount; therefore, the employer receives coverage for the full bond insurance.

If the amount of bonding coverage is over \$5,000, then the next question must be asked from the employer: If the bond is over \$5,000, why is more bonding required? Enter the answer on the form where indicated.

Justice-Involved—Check either the “Yes” or “No” box.

“Justice-Involved” means anyone who is convicted, has been convicted, or has been incarcerated.

Ethnicity—Click the down arrow to select the ethnicity of the worker; scroll to locate the ethnic origin; then select it.

Has the employer agreed to the above statement—Check either the “Yes” or “No” box.

Today’s Date—Print today’s date in the following format Month, Day, Year (XX/XX/XXXX).

Signature of Contact Person/Bonding Coordinator—Must be legible Full First and Last Name on the line. (No Middle Name or Nicknames.)

SAMPLE LETTER TO EMPLOYER CONFIRMING BONDING
(Official Letterhead of Bond Issuance)

Date

Contact Name and Title
Employer Name
Address
City, State Zip Code

Dear *(contact name)*:

This is to confirm that a Fidelity Bond is being issued to your company to provide *(\$ amount of bond coverage)* **in employee dishonesty insurance coverage on** *(name of worker hired/bonded)*.

The effective date of the insurance is *(date worker is scheduled to start work)*. **The Bond expiration date is** *(date six months after the effective date)*. **The bond insurance is a policy of the Union Insurance Group (UIG).**

Within the next 15 working days, you will receive a copy of the policy from the agent for the Fidelity Bond being issued by Chubb Ltd.

Attention:
The Federal Program
303 West Erie Street, Suite 310
Chicago, IL 60654

In the event of a loss covered by the policy, you are to directly contact the UIG to the attention of Mr. Tom Villanova, by telephone at 312-316-0336, or by email at Tom@Bonds4Jobs.com.

We appreciate your interest and cooperation in dealing with our organization.

Sincerely,

(Signature of MWA Bonding Coordinator)

MWA Bonding Coordinator Name and Title
Michigan Works! Agency