



# Montana Department of LABOR & INDUSTRY

Division: Workforce Services Division  
Category: Programs  
Effective Date: 7/6/2016  
Last Revised: 10/01/2025  
Policy No.: 02-16

## Federal Bonding Policy

**Background:** In 1966, the U.S. Department of Labor (USDOL) established the Federal Bonding Program (Fidelity Bond) as an employer job-hire incentive that guaranteed the job honesty of at-risk job seekers. Fidelity bonds are insurance that businesses purchase commercially, protecting the employer in case of loss of money or property due to employee dishonesty. The bond insurance will insure the employer for theft, forgery, larceny or embezzlement. The Federal Bonding Program will issue bonds to employers to cover “at-risk,” hard-to-place job seekers. As a result, the Federal Bonding Program eliminates this barrier to employment and serves as a job placement tool.

**Scope:** This policy applies to Montana Department of Labor & Industry’s (MTDLI) Workforce Services Division.

### Policy:

- The bond will be issued to an employer free of charge.
- Federal Bonds will be issued to an employer for the first 6 months of employment. The bond may be extended an additional 6 months to cover a total of 1 year of employment upon approval of the Program Manager.
- To initiate the bond, an employer will contact MTDLI’s Federal Bonding Program Manager. The employer must provide the employee’s name, address, date of hire, job title, wage/hour, and ethnicity (if known). In addition, the employer must provide the business name and contact information.
- The Federal Bonding Program does not require an approval process or an employer or employee to complete forms or paperwork to be issued a bond.
- At-risk job seekers eligible for bonding services include:
  - Justice-involved citizens;
  - Individuals in recovery from substance use disorders;
  - Welfare recipients;
  - Persons with poor credit;
  - Individuals dishonorably discharged from the military; and
  - Economically disadvantaged youth and adults who lack work histories.
- Self-employed persons are not eligible for coverage by a Federal Bond.
- Bonding coverage may be issued when all requirements are met:
  - Worker meets Montana’s legal age to work;
  - Worker is paid a minimum of Montana’s minimum wage; and
  - Federal taxes are automatically deducted from paycheck.

- Federal Bonding Insurance does not cover liability due to poor workmanship, job injuries, or work accidents. Federal Bonding is not a contract bond, performance bond, or license bond often needed to be self-employed. Additionally, Federal Bonding is not a bail bond or court bond for the legal system.
- Federal bonding falls under federal rule which stipulates that the following industries are not eligible:
  - Gun shops
  - Cannabis-related businesses (growers, manufacturers, or retailers)
- Federal Bonds are typically issued for \$5,000 of coverage with no deductible. Larger bond amounts to a maximum of \$25,000 may be issued to the employer if the Program Manager determines a larger bond amount is appropriate.
- Bonds may not be backdated and are made effective on the date of request.

## Funding:

- MTDLI's Workforce Services Division may purchase packages of bonds on an as-needed basis, using ESA funding. Federal Bonds purchased by Workforce Services Division do not have an expiration date.

## References:

- Federal Bonding Program - <http://www.bonds4jobs.com>