**STATE OF WASHINGTON  
EMPLOYMENT SECURITY DEPARTMENT  
POLICIES AND PROCEDURES  
NUMBER:**  4082  
**DATE:**  03-28-06 Revision

This document has been formatted for use on this web site. It contains hyperlinks that enable the user to jump directly to specific areas within the document or to related documents. The information and guidance it contains has been revised. There are [definitions](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#DEFINITIONS) for terms that may be unfamiliar. This communication applies only to ESD staff, however, local Workforce Development Councils (WDCs) and partner agencies are welcome to use the information when developing their policies and procedures.

[BACKGROUND](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#BACKGROUND) | [POLICY](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#POLICY) | [PROCEDURES](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#PROCEDURE) | [DEFINITIONS](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#DEFININTIONS) | [WEB SITE](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#WEB SITE)  
[REFERENCES](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#REFERENCES) | [SUPERSEDES](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#SUPERSEDES) | [DIRECT INQUIRIES TO](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#DIRECT INQUIRIES TO)

**SUBJECT:**Washington State Bonding Program

**ORIGINATOR:** WIA Title III (Wagner-Peyser) Offender Employment Services (OES)

**BACKGROUND**

After 30 years of direct administration of the Federal Bonding Program, the U.S. Department of Labor (DOL) following federal decentralization to state and local levels, passed direct administrative responsibility of bonding services to state and local entities. State and local funds (including federal funds allocated to state and local level entities) may now be used to acquire fidelity bonds and deliver bonding services through purchase of a bond package. The McLaughlin Company manages nationwide bonding services (including the purchase of bonds) on behalf of Travelers Property Casualty.

**POLICY**

It is the policy of the Employment Security Department (ESD) to:

1. Use the Washington State Bonding Program as a tool to help a job applicant get and keep a job; and
2. Provide fidelity bond coverage to any person whose background leads employers to question their honesty and deny them a job. Such persons may belong in one or more of the following groups: ex-offenders; ex-addicts; poor credit record; dishonorably discharged; lacking a work history; and cannot get a job without bonding.

**PROCEDURES**

[OES Responsibilities](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#Corrections) | [Local Service Delivery Site Responsibilities](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#Local) [Sub-Contractor Responsibilities](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#Sub-Contractor) | [Employer Responsibilities](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#Employer Responsibilities )  
[McLaughlin Company Responsibilities](http://www.wa.gov/esd/1stop/policies/documents/archive/4082.htm#McLaughlin Company Responsibilities)

**OES Responsibilities**

It is the responsibility of OES to designate a State Bonding Coordinator who:

1. Provides a bonding manual and application forms to Local Bonding Coordinators.
2. Completes and transmits the Washington State Bond Application form.
3. Prepares a letter to the employer confirming bonding.
4. Provides handouts for general public use and distribution.
5. Arranges for Bonding Coordinator training.
6. Provides technical assistance as needed.
7. Protects the integrity of fidelity bonding.
8. Maintains records of bond purchases and uses.

**Local Service Delivery Site Responsibilities**

It is the responsibility of each local service delivery site to designate a Local Bonding Coordinator who:

1. Determines applicant eligibility for bonding.
2. Assesses employment opportunities for bonding.
3. Determines the bond amount to be issued for each individual to be insured.
4. Completes and transmits the Washington State Bond Application Form.
5. Maintains records of bonds issued.

**Sub-Contractor Responsibilities**

It is the responsibility of any subcontractor who provides employment and placement services to ESD to designate a staff person who:

1. Determines applicant eligibility for bonding.
2. Assesses employment opportunities for bonding.
3. Determines the bond amount to be issued for each individual to be insured.
4. Completes and transmits the Washington State Bond Application Form.
5. Maintains records of bonds issued.

**Employer Responsibilities**

It is the responsibility of the employer to:

1. Confirm the full-time employment status of the worker.
2. Request a bond renewal or a bond transfer from the insurer.

**McLaughlin Company Responsibilities**

The McLaughlin Company is responsible for:

1. Processing each completed Washington State Bond Application Form.
2. Providing monthly notification of account status.
3. Provide technical assistance as needed.
4. Process employer loss claims.
5. Arranging Transfer Bonds for employers who want a longer-term bond for workers.

**DEFINITIONS**

**Fidelity Bonds** - A form of business insurance used to cover employers for loss of money or property sustained through the dishonest acts of their employees (i.e. theft, forgery, larceny, and embezzlement).

**WEB SITE**

None.

**REFERENCES**

The Washington State Bonding Program Manual, 2002.

**SUPERSEDES**

This communication cancels and supersedes Policies and Procedures communication number 7024, Federal Bonding Program, dated July 21,2000.

**DIRECT INQUIRIES TO:**

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