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**FISCAL IMPACT STATEMENT**

**LS 6892**

**BILL NUMBER:** HB 1218

**NOTE PREPARED:** Jan 20, 2013

**BILL AMENDED:**

**SUBJECT:** Bonding At-Risk Job Seekers.

**FIRST AUTHOR:** Rep. Shackelford

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **X FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill establishes a state-sponsored fidelity bonding program, administered by the Department of Workforce Development (DWD), to extend protection against financial losses for an additional six months for employers who have hired job seekers with at-risk backgrounds and bonded them under the Federal Bonding Program.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** The bill would require that DWD implement rules governing the state-sponsored fidelity Hoosier Bonding Program. The state will fund the necessary bond unit purchase required by the bill. The bill's requirements represent an additional workload and expenditure on the agency outside of the agency's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The Federal Bonding Program has historically been funded through Wagner Peyser, which are federal employment service funds.

To date, DWD has spent \$160,000 on the Federal Bonding Program. Expenditures for the Hoosier Bonding Program will depend on administrative and legislative actions and will be subject to future appropriations.

**Background:** The U.S. Department of Labor created the Federal Bonding Program in the 1960s as an employer incentive that guaranteed the job honesty of at-risk job seekers. This program is free of charge to employers and utilizes bonding services to assist ex-offenders and other at-risk and other hard-to-place applicants. The program is a partnership between the U.S. Department of Labor and a national insurance firm.

The state of Indiana began participation in the Federal Bonding Program in 2008 with the purchase of 1,200 bond units of \$5,000 each. The state's initial investment for these bonds was \$100,800. In 2010 and again in 2012, Indiana purchased additional sets of 25 bond units to extend the life of any remaining bonds for two additional years at the cost of roughly \$61,000 in total for these extensions.

Since 2010, over 30 Indiana employers have utilized the Federal Bonding Program to bond over 90 employees. According to DWD, one claim has been made in Indiana since the program began operation in 2008.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Workforce Development.

**Local Agencies Affected:**

**Information Sources:** Michelle Marshel, DWD, [mmarshel@dwd.in.gov](mailto:mmarshel@dwd.in.gov); Federal Bonding Program Website ([www.bonds4jobs.com](http://www.bonds4jobs.com)); DWD December 5, 2012, Presentation to the State Budget Committee.

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