Northern Middle Tennessee Workforce Board Inc.

Finance Committee
August 4, 2026
9:00 A.M.
Click here for zoom link

Meeting ID: 869 8854 1130
Passcode: 575319
One tap mobile: +16465588656,,86988541130# US

Agenda

Members:

Mark Peed (Chair)

Ashley Horan

Dan Caldwell

David Rutledge

Paul Webb

Kristi Spurgeon

Sho Samuels

Welcome

Call the Meeting to Order

Approval of Minutes

Business Reports:

1. Financial Report
   a. 2025-26 Final Actual to Budget
   b. Fund Utilization
   c. MPCR
   d. CSP Trends
   e. 26-27 Revised Budget
   f. Monitoring
   g. Policy Revision
   h. Action Items
2. AJC Future

Adjourn

Complete zoom link: https://us02web.zoom.us/j/86988541130?pwd=7SRw81rtEwUBQVDLuebhPBFcYNcAIk.1

DRAFT UNTIL APPROVED

Northern Middle Tennessee Workforce Board
Finance Committee
Meeting Minutes
April 30, 2026, via Zoom at 9:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed	David Rutledge	Ginger Fussell
Ashley Horan		Marla Rye
Dan Caldwell		Alyssa Spaulding
Kristi Spurgeon		Meagan Dobbins
Paul Webb		
Shoshana Samuels		
John Zobl		

The Northern Middle Tennessee Workforce Board Finance Committee met via Zoom on April 30, 2026, at 9:00 a.m. With a quorum confirmed, Mark Peed called the meeting to order and asked whether members had reviewed the minutes from the previous meeting. Dan Caldwell made a motion to approve the minutes and Shoshana Samuels seconded. With no further discussion, the motion passed unanimously.

25-26 Budget Progression and Spend Trend

Marla then turned the meeting over to Ginger Fussell for the financial report. Ginger reported that financial activity improved significantly during the third quarter after two conservative quarters. Utilization increased substantially in March, and she anticipated a strong finish to the program year. Third-quarter utilization totaled approximately $2.1 M, which was $483K higher than the second quarter. Formula spending increased by approximately $310K, with the remaining increase coming from non-formula funding, including $126K in apprenticeship reimbursements and increased expenditures under the Youth Employment Program (YEP) and PROWD grant. As of the end of the third quarter, 43.8% of the formula budget and 39.8% of the overall budget had been utilized. Ginger noted that several non-formula grants extend beyond the current fiscal year, including PROWD, which continues three months into the following fiscal year. Cumulative utilization through the third quarter was approximately $5.1 M, compared with $6.6 M during the same period in the prior year.

MPCR

Ginger reminded the committee that it had previously authorized management to request the transfer of up to $250K from administrative funds to program funds and reported that the request had been submitted to the state. Although the transfer could negatively affect the Minimum Participant Cost Rate, the region's overall MPCR increased from 38.19% at the end of the previous quarter to 45.57% as of the end of March. Formula-funded activity had not yet independently reached the required MPCR, but strong expenditures under YEP, apprenticeship, and other discretionary grants allowed the region to meet the standard overall. Marla noted that the Department of Labor and the State Workforce

Development Board had revised the MPCR policy to include discretionary grants, making the 45.57% rate compliant with the state requirement. She also reported that state fiscal staff had complimented the region for being the only local workforce area in Tennessee with administrative funds available to transfer into program services and credited Ginger and the fiscal team for the efficiencies that made the transfer possible.

CSP Trends

Ginger reviewed Career Service Provider (CSP) spending as a major driver of the improved formula-funded MPCR. The Adult program's CSP MPCR increased from 57% to 76% in March, while direct Adult expenditures rose from $94K in the previous quarter to $218K in the third quarter. She said the increase reflected a return to a more typical level of participant activity and that program staff expected to sustain or improve that activity during the fourth quarter. Ginger explained that CSP MPCR generally must reach at least 50% so that, after infrastructure and overhead costs are added, the region can meet the state's overall 40% requirement. For the Adult and Dislocated Worker programs combined, CSP MPCR was 65% for March, 55% for the third quarter, and 43% cumulatively. Youth expenditures also increased in both percentage and dollar volume. Ginger noted that WIOA Youth formula funding competes with the separate YEP grant because some participants qualify for both. The region was not yet meeting the cumulative work experience expenditure goal under WIOA Youth but was meeting the in-school youth goal, which remained under review despite carrying less significance than in prior years. Ginger reported no concerns with One-Stop Operator spending. The operator had billed approximately 68% of its contract with 75% of the contract period completed, which she considered a positive result.

26-27 Initial Budget

Ginger then presented a preliminary Program Year 2026-2027 budget to authorize operations until the committee met again in August. She projected approximately $5.1 M in carryover from grants expiring June 30, 2027. Because new formula allocations had not been received, she followed state guidance and estimated a 10% reduction, resulting in approximately $6.5 M in projected new formula funding. She also reserved approximately 25% for carryover into the following year to support operations until subsequent allocations were received. The revenue budget included approximately $750K in anticipated TYEP funding, $250K in Rural Healthcare funding, and approximately $700K in additional non-formula funding such as the existing PROWD grant through 2027, and apprenticeship funding continuing into the next program year. Total projected revenue was approximately $12.7 M.

Ginger reported that the proposed expense budget also totaled approximately $12.7 M, with the CSP budget serving as the primary adjustable line item. Non-formula grant expenses aligned with projected revenues. Marla reported that the federal Training and Employment Guidance Letter appeared to reduce Tennessee's Dislocated Worker funding by approximately 10%, increase Adult funding by nearly 10%, and leave Youth funding relatively flat. She said the overall effect could be close to the 10% reduction used in the preliminary budget. Tennessee must distribute its allocation among nine local workforce areas using a formula based partly on economic conditions, so Northern Middle could receive more or less than projected. Stronger economic conditions in Middle Tennessee could reduce the region's share compared with more rural areas. Ginger said carryover would provide stability if the reduction exceeded 10%. By August, staff expected to know the final allocation and exact carryover amount and could revise the budget as needed. The preliminary budget would allow operations to begin July 1.

Shoshana Samuels asked whether staff had modeled a larger reduction, such as 12%. Marla said a greater reduction would require corresponding budget adjustments but did not anticipate staff reductions because of open positions and flexibility in direct participant service line items. Ginger added that the CSP line item would be the primary adjustment and that current operations were more efficient than budgeted, providing a buffer.

Mark Peed asked when the state might begin recapturing carryover funds. Marla explained that formula funding generally has a two-year expenditure period and that staff expected to spend all program funds expiring June 30, 2026. Ginger also expected 100% utilization, although state fiscal staff had recently raised a possible limitation on how transferred administrative funds could be repurposed. Ginger and Marla had not previously been advised of the restriction, but Ginger still expected all expiring funds to be used. For funds expiring June 30, 2027, the region generally would not be at risk if at least 80% was obligated, and approval of the budget would help establish those obligations. Mark confirmed that no current-year funding appeared at risk. Marla said success in Program Year 2026-2027 would depend on maintaining the expenditure momentum achieved in March. The primary risk would be another first-quarter lag, but she believed the CSP operation was now established.

Ginger explained that the first-quarter delay resulted from a cautious enrollment strategy intended to ensure appropriate participants were served. Marla said Workforce Essentials did not want to repeat the prior provider's heavy first-quarter enrollment and spending followed by service limitations later in the year. Because Workforce Essentials had not previously served as CSP, management had been conservative while evaluating staffing, structure, eligibility, and expenditure patterns. She acknowledged that the startup may have been overly cautious but said the organization completed its first year without losing money and was positioned for stronger performance. Mark observed that the system was now stable. Marla agreed and said the successful first year provided a stronger foundation. Mark also noted that economic changes, including fuel prices, could increase demand for workforce services, and Marla agreed.

Following an audit recommendation, Ginger also presented the Program Year 2026-2027 budget in a format consistent with the audited financial statements. The presentation separated program and administrative expenses and displayed line-item detail while retaining the $12.7 M total. Shoshana said the detail was helpful, demonstrated the organization's efficiency, and appropriately addressed the auditor's recommendation, although it might not require full discussion at every meeting. Marla thanked Ginger for the additional work. Ginger said future reports would likely show the detailed budget and actual expenditures on separate pages for readability.

Monitoring
Ginger reported that Northern Middle Tennessee Workforce Board staff continued internal monitoring of Workforce Essentials in its role as CSP. Monitoring included technical assistance, direct participant expenditures, quality assurance, paid work experience timesheets, and monthly fiscal desk reviews. No significant concerns were identified. Monitoring of the new One-Stop Operator also continued with no significant issues.

Ginger reviewed the quarter's external monitoring activity. State staff had advised local areas that a recent federal review found the state had issued too many observations and too few formal findings, making it more likely that future issues would be classified as findings. A previously postponed state review resulted in findings related to signage at the Nashville American Job Center, the welcome function, two Wagner-Peyser processes, and an inoperable accessible-door button at the Rutherford County location. Written responses were due May 7. Marla reported that the Nashville AJC hours had been posted and the Rutherford County door button had been repaired. Because the welcome-function and Wagner-Peyser findings involved state-managed processes, she had asked Wagner-Peyser staff to assist with the response.

Ginger reported that another state monitoring team had completed onsite visits and staff interviews at all American Job Centers, with the final report pending. A separate review of Adult, Dislocated Worker, and Youth files found no significant issues. State YEP staff reviewed 12 case files with no concerns, and the state reentry unit completed onsite monitoring with no findings. Minor items identified during the reentry review were corrected at the time of the visit. State fiscal staff also completed a new monitoring review focused on policies and procedures. Northern Middle submitted extensive documentation before the review and seven additional items afterward, with the report still pending. Annual PAR monitoring was scheduled to begin May 4 and would cover July 2025 through February 2026.

Action Items

Ginger presented three action items. The first was acceptance of the financial report, including the unchanged Program Year 2025-2026 budget of $12.9 M and the proposed Program Year 2026-2027 budget of $12.7 M. The second was approval to extend Workforce Essentials as the CSP and Mid-Cumberland as the One-Stop Operator for 12 months, subject to state directives. Marla explained that the state had requested approximately 13 federal WIOA waivers that could significantly alter the local workforce system, including possible regional planning councils and a shift from nine local workforce areas to three regions aligned with Tennessee's grand divisions. The Commissioner had scheduled a meeting with local board chairs and chief local elected officials to discuss the state's vision. Local areas had been advised not to enter into long-term agreements with new providers and to use extensions with termination provisions. Marla said no immediate change was expected by July 1 because the waivers had not yet been approved, but implementation could occur within six to 12 months. The extensions would allow operations to continue while preserving flexibility.

The third action item authorized staff to request state approval, as needed, to transfer up to $1.25M in Dislocated Worker funding to Adult funding through June 30, 2027. Ginger said the region historically needed more Adult funding and that current allocations did not align with participant demand. Marla explained that Adult funding served a broader eligible population, while Dislocated Worker funding was limited primarily to individuals who had been laid off. Because federal law permits full transferability between the two funding streams, the authorization would allow transfers as Adult expenditures increased. Mark asked whether repeated transfers could eventually lead to reduced Dislocated Worker allocations. He agreed that transferring the funds was preferable to returning them but said the allocation formula appeared to provide too little Adult funding and excess Dislocated Worker funding. Marla agreed and said Commissioner Thomas had advocated for changes to the federal formula. Shoshana noted that current rules allow full transferability. Ginger added that the Make America Skilled Again initiative proposed reducing separate funding categories and moving toward a more flexible structure. Marla said funding could eventually be provided to states through a block grant but agreed that continued underuse of a category could raise questions about whether it remained necessary.

Shoshana asked how regional restructuring could affect Northern Middle Tennessee's budget. Marla said the answer was unknown but expected that Middle Tennessee could become one region with combined funding and a single provider. She emphasized that this was only an estimate. Mark noted that the state had considered regional consolidation previously, and Marla said the requested waivers could provide a path for implementation. Mark said a larger regional structure could work if management and governance represented the entire region. Marla agreed.

Mark requested a motion to approve the three action items. A motion was made by Shoshana Samuels and seconded by Ashley Horan. The committee approved the financial report and budgets, the 12-month provider extensions subject to state directives, and authorization to request the transfer of up to $1.1 M from Dislocated Worker funding to Adult funding through June 30, 2027. The motion passed without opposition.

AJC Closure Update

Marla provided an update on the board's February 11 decision to close eight American Job Centers. The state had been formally notified, and its response reinforced that the closures were consistent with the current administration's anticipated direction. Landlords were notified that Workforce Essentials would vacate the affected leased locations by June 30. Workforce Essentials owns buildings in Cheatham, Robertson, and Williamson counties, and Marla was exploring co-location arrangements with Mid-Cumberland Human Resource Agency, Adult Education partners, and other community organizations to keep those buildings open as Workforce Essentials offices. Although they would no longer operate as American Job Centers, staff could still meet with clients there by appointment. In Houston County, staff were considering space at the armory or 911 center, where TCAT planned to offer an LPN class. Marla explained that affected communities would lose permanent resource centers for filing unemployment claims, searching for jobs, and using WIOA-funded equipment. Services would instead shift to appointment-based delivery and community partner locations. In Humphreys County, Nashville State Community College had agreed to provide space for a staff member two or three days each week. In Williamson County, a staffing and training organization had expressed interest in leasing space and helping keep the building open as a workforce center. Staff were also planning utility cancellations, deposit recovery, equipment relocation and storage, and other transition needs.

26-27 WIOA Plan Modification

Marla then provided an update on the WIOA strategic planning process, which she described as largely a state compliance document. Guidance was received March 11, and the regional and local plans were published for public comment on April 10. A listening session was held April 20. Two partner staff attended, but no comments were received on the local plan. United Way of Greater Nashville submitted one comment on the regional plan related to alignment with programs operating in Nashville. Both plans were submitted to the state on April 24, with feedback expected May 1. Marla was scheduled to present the Northern Middle Tennessee plan to the State Workforce Development Board the following week. The plan highlighted work with Ferrol Thomas of the Tennessee Hospital Association, including a statewide healthcare grant and collaboration with a nurse's middle college charter school in Davidson County. Marla did not anticipate any issues with approval.

Worksource Summit

Marla reminded members that the WorkSource Summit would be held May 12 and 13. Approximately 70% of board members planned to attend, providing strong representation for Northern Middle Tennessee. She hoped the summit would provide additional information about the Department of Labor and Workforce Development's future direction. Because of the high attendance, the board would not hold its regular May meeting. Summit participation would serve as continuing education, and the next full board meeting would be held in August.

Adjourn

Members commented on the volume of work underway. With no further questions, Mark adjourned the meeting. Marla noted that the Executive Committee would meet to ratify the committees' work, including approval of the plan, budget, and eligible training providers.

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
2025-26 BUDGET PROGRESSION & SPEND TREND

	($ in 000's)						
Northern Middle LWDA	**25-26 QTR 1**	**25-26 QTR 2**	**25-26 QTR 3**	**25-26 QTR 4**	**Expenses YTD**	**Revised FY 2025-26 12 Mo. Budget**	**% Spent**
Infrastructure Funding Agreement	113	123	121	130	487	1,000	48.7%
Adult	122	177	510	760	1,569	1,969	79.7%
Dislocated Worker Re-purposed for Adult	403	329	268	127	1,127	833	135.3%
Dislocated Worker for DW	318	371	355	518	1,562	3,416	45.7%
Youth	400	319	373	444	1,536	2,784	55.2%
Total FY 25-26 Expense vs Budget - Formula Grants	**1,243**	**1,196**	**1,506**	**1,849**	**5,794**	**9,002**	64.4%
Tennessee Youth Employment Program (TYEP) (7/1/25 to 6/30/26)	52	101	105	355	613	745	82.3%
Tennessee Youth Employment Program - Vocational Rehabilitation (TYEP VR) (10/1/25 to 6/30/26)	0	3	26	28	57	111	51.4%
Apprenticeship (7/1/25 to 6/30/26)	0		126	66	192	200	96.0%
Rural Healthcare (7/1/25 to 6/30/26)	21	115	59	42	237	239	99.2%
Incumbent Worker Statewide (12/15/25 to 6/30/26)	0	0	0	258	258	258	100.0%
Re-Entry (7/1/25 to 6/30/26)	0	0	50	110	160	247	64.8%
SAEF 3.1 State Apprentice (2/1/26 to 6/30/27)	0	0	0	0	0	60	0.0%
SAEF 3.2 State Apprentice (2/1/26 to 6/30/27)	0	0	0	0	0	150	0.0%
TN-PROWD (Re-Entry 4/1/25 - 9/30/27)	50	61	89	84	284	968	29.3%
Total FY 25-26 Expense vs Budget - All Grants	**1,479**	**1,599**	**2,082**	**2,922**	**8,082**	**12,980**	62.3%

** Northern Middle's grant utilization in Q4 was significantly higher than the prior 3 quarters.*
**Non-formula spending accounted for the majority of the increase; particularly TN Youth and Incumbent Worker spending.*
** Formula utlization was 64.4% for the year; overall utilization was 61.3% compared to 79.9% in the prior year.*

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
7-Year Expenditure Comparison

Seven-Year Comparison	Fiscal Year Expenses	Qtrly Ave.	Grant Utilization of FY Bgt
2025-26	$ 7,952	$ 1,988	61%
2024-25	$ 10,950	$ 2,738	80%
2023-24	$ 11,625	$ 2,906	75%
2022-23	$ 12,548	$ 3,137	77%
2021-22	$ 11,008	$ 2,752	69%
2020-21	$ 13,193	$ 3,298	70%
2019-20	$ 11,887	$ 2,972	80%

2025-26 expenses were approximately $2,988k less than the prior year, averaging approx. $750k less per quarter.
Expense decrease was multi-layered:

** Positive outcome of reduction of overhead expenses by discontinuing outside contractors.*

** Began the year with $1.6M budget reduction from the prior year, therefore caution in early quarters in per-participant spending levels.*

** Programmatic strategy shift compared to the prior year focusing on proactive utilization of more comprehensive assessments and case management prior to enrollment.*

Grant utilization decreased from 80% in the prior year to 61% in the current year.

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
UTILIZATION OF EXPIRING GRANTS

	Grant Term	Contract	% Utilized	$ Expired	Expired Admin	Expired Program
Adult	21-24 Mos	2,611,328	100.00%	-	-	-
Dislocated Worker	21-24 Mos	2,916,177	99.38%	18,129	18,129	-
Youth	27 Mos	2,794,305	98.71%	36,100	36,100	-
Tennessee Youth Employment Program	12 Mos	745,092	82.13%	133,183	51,756	81,427
Tennessee Youth - Voc Rehabilitation	9 Mos	111,111	51.50%	53,891	6,616	47,275
Apprenticeship	12 Mos	200,000	95.86%	8,289	8,128	161
Incumbent Worker (Healthcare)	6.5 Mos	244,713	100.00%	-	-	-
Rural Health	12 Mos	238,943	99.70%	717	65	652
Re-Entry	9 Mos	246,510	64.82%	86,727	11,509	75,219
		10,108,179	96.67%	337,036	132,303	204,734
				3.33%	1.31%	2.03%

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
Minimum Participant Cost Rate (MPCR)

TDLWD Minimum Participant Cost Rate (MPCR) - Preliminary Through June 2026

MPCR = 54.47%

	Adult/DW	Youth	TYEPs	Apprentice, Rural Health, Re-Entry	Total
Qualifying Expenses	$ 1,630,664	$ 576,891	$ 604,627	$ 959,713	$ 3,771,895
Total Program	$ 3,876,056	$ 1,394,912	$ 604,627	$ 1,048,762	$ 6,924,357
MPCR	42.07%	41.36%	100.00%	91.51%	54.47%

Northern Middle exceeds the 40% state requirement in quarter 4.

***** PRIOR QUARTER MPCR = 45.57%*****

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
CONTRACTOR - BILLING PROGRESS

One-Stop Operator Billing	In $000's: Cumulative through Mar 2026	Total Spent Qtr Ended Jun 2026	Budget Spent Contract To Date	Total 12 Month Budget	% Spent 100% time elapsed (contract extended)
MCHRA	$ 205	$ 68	$ 273	$ 300	91%

(Regional Contract - 12 month extension 7/1/25 to 6/30/26)

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
NM/WE - ADULT/DW MPCR TREND
CONTRACT-TO-DATE & QUARTERLY

	MPCR - Goal 50% FY 25-26			MPCR - Goal 50% FY 25-26			MPCR Adult/DW - Goal 50% FY 25-26		
NM/WE	Adult			DW			A/DW Combined		
CTD CUMULATIVE	Direct $ '000	Total $ '000	60%	Direct $ '000	Total $ '000	26%	Direct $ '000	Total $ '000	49%
Jul 2025	63	117	53%	18	78	23%	81	196	41%
Aug 2025	56	122	46%	21	79	26%	77	201	38%
Sep 2025	94	164	58%	10	67	16%	105	230	45%
Oct 2025	36	107	34%	6	60	10%	42	167	25%
Nov 2025	44	116	38%	16	81	20%	60	197	31%
Dec 2025	36	106	34%	6	70	9%	43	176	24%
Jan 2026	84	152	55%	18	82	22%	102	234	44%
Feb 2026	94	163	57%	28	87	32%	121	250	49%
Mar 2026	218	287	76%	27	88	31%	245	375	65%
Apr 2026	186	257	72%	16	80	20%	201	336	60%
May 2026	167	233	72%	46	105	44%	213	338	63%
June 2026	162	227	72%	41	103	40%	204	330	62%
Total FYTD	**1,240**	**2,051**	**60%**	**254**	**979**	**26%**	**1,494**	**3,030**	**49%**
Cumulative CTD	**1,240**	**2,051**	**60%**	**254**	**979**	**26%**	**1,494**	**3,030**	**49%**

Current Fiscal Year	MPCR - Goal 50% FY 25-26 w LFPR Project			MPCR - Goal 50% FY 25-26 w LFPR Project			MPCR Adult/DW - Goal 50% FY 25-26		
NM/WE	Adult			DW			A/DW Combined		
QTR Ended 9/30/25	213	403	53%	49	224	22%	262	627	42%
QTR Ended 12/31/25	116	329	35%	28	211	13%	144	540	27%
QTR Ended 3/31/26	396	602	66%	73	258	28%	469	860	55%
QTR Ended 6/30/26	515	717	72%	103	287	36%	618	1,004	62%
FYTD	**1,240**	**2,051**	**60%**	**254**	**979**	**26%**	**1,494**	**3,030**	**49%**

CTD Cumulative	**1,240**	**2,051**	**60%**	**254**	**979**	**26%**	**1,494**	**3,030**	**49%**

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
NM/WE YOUTH - MPCR, WORK EXPERIENCE & IN-SCHOOL
CONTRACT-TO-DATE & QUARTERLY

	MPCR - Goal 50%			Work Experience - Goal 25%			ISY/Youth - Goal 35% effective 07.1.25		
NM/WE	Youth			Youth			Youth		
CTD CUMULATIVE	**Direct** $ '000	**Total** $ '000	**53%**	**Wk Exp** $ '000	**Total** $ '000	**24%**	**ISY** $ '000	**Total** $ '000	**33%**
Jul 2025	66	105	63%	39	105	37%	51	105	48%
Aug 2025	33	78	42%	24	78	30%	35	78	45%
Sep 2025	59	103	57%	15	103	14%	33	103	32%
Oct 2025	24	68	35%	15	68	22%	21	68	30%
Nov 2025	23	69	33%	10	69	14%	21	69	30%
Dec 2025	29	70	41%	11	70	16%	26	70	37%
Jan 2026	25	67	37%	13	67	20%	21	67	32%
Feb 2026	29	72	41%	9	72	12%	28	72	39%
Mar 2026	84	128	65%	30	128	23%	30	128	24%
Apr 2026	75	122	61%	35	122	29%	31	122	25%
May 2026	65	108	60%	32	108	30%	34	108	31%
June 2026	66	109	60%	37	109	34%	35	109	32%
Total FYTD	577	1,098	53%	269	1,098	24%	365	1,098	33%
Cumulative CTD	577	1,098	53%	269	1,098	24%	365	1,098	33%

Current Fiscal Year

	MPCR - Goal 50%			Work Experience - Goal 25%			ISY/Youth - Goal 35% effective 07.1.25		
NM/WE	Youth			Youth			Youth		
QTR Ended 9/30/25	158	286	55%	77	286	27%	118	286	41%
QTR Ended 12/31/25	76	207	37%	36	207	17%	67	207	32%
QTR Ended 3/31/26	137	266	52%	51	266	19%	79	266	30%
QTR Ended 6/30/26	206	339	61%	105	339	31%	100	339	29%
FYTD	577	1,098	53%	269	1,098	24%	365	1,098	33%

CTD Cumulative	577	1,098	53%	269	1,098	24%	365	1,098	33%

NORTHERN MIDDLE TN WORKFORCE BOARD
AUGUST 2026 FISCAL UPDATE
FY2026-27 REVISED BUDGET - REVENUES

Grant Revenue	$ in millions	$	Change
Carryover from 25-26 (expiring June 2027)			
Total Carryover from 25-26	**5.0**	4,962,442	(168,012)
26-27 Projected Allocations			
26-27 Projected Allocations	**8.1**	8,137,126	1,616,438
Total Adult, DW, Youth	**13.1**	13,099,568	1,448,427
Carryover to 27-28 at 25% Youth	**(0.7)**	(727,050)	(198,465)
Carryover to 27-28 at 25% Adult, DW	**(1.3)**	(1,307,232)	(205,645)
Total 26-27 Adult, DW, Youth	**11.1**	11,065,286	1,044,317
Tennessee Youth	**0.8**	750,000	-
Tennessee Youth Voc Rehab applied for	**0.1**	111,111	111,111
Rural Healthcare	**0.2**	250,000	-
TN-PROWD Re-Entry	**0.5**	543,716	17,423
TN-PROWD Phase III Re-Entry applied for	**0.1**	72,600	72,600
Apprenticeship (SAEF/NATAP)	**0.2**	210,000	52,500
IFA	**0.8**	750,000	(250,000)
Total 26-27 Projected Grant Revenue	**13.8**	**13,752,713**	1,047,951

NORTHERN MIDDLE TN WORKFORCE BOARD
AUGUST 2026 FISCAL UPDATE
FY2026-27 REVISED BUDGET - EXPENSES

Projected Expenses	$ in millions	%	$	Change
NM Workforce Board	**1.5**	**11%**	1,465,645	-
Board Incumbent Worker Program	**0.6**	**4%**	600,000	-
Recruitment Campaign	**0.1**	**1%**	100,000	-
IFA (non-Title I)	**0.8**	**6%**	750,000	(250,000)
Total Board and Overhead	**3.0**	**22%**	**2,915,645**	(250,000)
One Stop Operator	**0.3**	**2%**	300,000	-
Career Service Provider	**8.6**	**62%**	8,617,064	1,061,740
Tennessee Youth	**0.8**	**6%**	750,000	-
Tennessee Youth Voc Rehab applied for	**0.1**	**1%**	111,111	111,111
Rural Healthcare	**0.2**	**1%**	250,000	-
TN-PROWD Re-Entry	**0.5**	**4%**	526,293	-
TN-PROWD Phase III Re-Entry applied for	**0.1**	**1%**	72,600	72,600
Apprenticeship (SAEF/NATAP)	**0.2**	**1%**	210,000	52,500
Total Contracted Grant Services	**10.8**	**78%**	10,837,068	1,297,951
Total 26-27 Grant Expense	**13.8**	**100%**	**13,752,713**	1,047,951

Northern Middle TN LWDB
Expense Budget
2026-27

	Program Services	Supporting Services	Total Expenses
Pass-through, Contracted and Infrastructure Expenses:			
One-stop operator, career service provider and workforce board services	9,927,327.00	36,111.00	9,963,438.00
Business services - incumbent worker training	600,000.00	-	600,000.00
Business services - apprenticeships	189,000.00	21,000.00	210,000.00
Infrastructure funding agreement - WIOA partners	520,000.00	30,000.00	550,000.00
Infrastructure funding agreement - State partners	250,000.00	-	250,000.00
Total pass-through, contracted and infrastructure expenses	11,486,327.00	87,111.00	11,573,438.00
Other Infrastructure Funding Expenses:			
Infrastructure funding agreement - other partners	250,000.00	-	250,000.00
Total other infrastructure funding expenses	250,000.00	-	250,000.00
Board and Staff Expenses:			
Contracted Services:			
Salaries and benefits:			
Salaries	315,000.00	125,000.00	440,000.00
Health and life insurance	80,000.00	35,000.00	115,000.00
Payroll taxes	25,000.00	15,000.00	40,000.00
Retirement and other fringe benefits	15,000.00	10,000.00	25,000.00
Total salaries and benefits	435,000.00	185,000.00	620,000.00
Communication	1,000.00	2,000.00	3,000.00
Contract services - accounting and audit	-	20,000.00	20,000.00
Contract services - fiscal agent and shared staffing	1,000.00	1,138,630.00	1,139,630.00
Contract services - regional sponsorship	-	-	-
Contract services - outreach		100,000.00	100,000.00
Insurance	7,500.00	25,000.00	32,500.00
Small equipment and software	4,500.00	2,000.00	6,500.00
Supplies	-	1,645.00	1,645.00
Travel	1,000.00	5,000.00	6,000.00
Total board and staff expenses	15,000.00	1,294,275.00	1,309,275.00
Total expenses	**12,186,327.00**	**1,566,386.00**	**13,752,713.00**
Less: Capitalized equipment	-	-	-
Add: Depreciation (non-cash)	35,000.00	-	35,000.00
Total expenses with depreciation	12,221,327.00	1,566,386.00	13,787,713.00

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
MONITORING UPDATE

Monitoring of Workforce Essentials - Career Service Provider Division

- **NMTWB's Program staff provided ongoing Technical Assistance.**
- **NMTWB's Quality Assurance staff completed a case file review of 30 Adult, Dislocated Worker and Youth files. The CSP Corrective Action Plan/response is pending.**
- **NMTWB's fiscal staff continue to perform monthly desk reviews of the CSP division's utilization, MPCR, work experience and in-school youth goals providing technical assistance and strategies for continuous improvement.**
- **CSP strategies for improving utilization include exploring targeted youth projects to increase youth utilization, considering Nurses Middle College as a possible project, and potentially requesting more Adult and DW funding for IWT.**

Monitoring of Mid-Cumberland HRA - One-Stop Operator

- **The One-Stop Operator continues to promote enhanced oversight of partner accountability in supporting KPI goals.**
- **Technical assistance and training of the One-Stop Operator is ongoing. NMTWB's fiscal staff continue to perform monthly desk reviews of the OSO's invoicing, billing trends and contract progression.**
- **MCHRA's June 30, 2025 audit report due to the state 12/31/25 (federal 3/31/26 due date) has not yet been filed to allow more time to add HREC activity. The report (considered delinquent by the state) is expected to be completed on or before August 30, 2026.**

NORTHERN MIDDLE TN WORKFORCE BOARD
JUNE 2026 FISCAL UPDATE
MONITORING UPDATE

Monitoring/Audit of Northern Middle

- **TDLWD's Workforce Services Program Monitoring Team conducted on-site monitoring and staff interviews at all comprehensive and affiliate AJC's 3/13 to 3/25.**
- **NMTWB staff submitted certification paperwork for the 5 American Job Centers in Northern Middle on 6/29/26. Certification was granted on July 24 for a 3-year period.**
- **The State's Workforce Services Program Monitoring Team conducted a case file review of 15 Adult, DW and Youth files with no significant observations or concerns.**
- **TDLWD's fiscal grants and budgets team performed a virtual monitoring visit on April 21st reviewing various policies and procedures. Report was received in May with one issue/concern noted regarding our property management policy not reflecting the updated equipment threshold required under the Uniform Guidance change effective October 2024, consistent with 2 CFR 200.439. (This policy has been revised for approval)**
- **The State's Workforce Service Program Monitoring Team requested completion of a new PY25-26 questionnaire submitted 7/29/26.**
- **TDLWD's Program Accountability Review (PAR) team has been onsite and virtually conducting their 25-26 monitoring engagement covering July 2025 to February 2026. An exit interview was conducted 8/3/26. The report is pending.**
- **Stone, Rudolph and Henry will be conducting the external, financial audit for the year ended June 30, 2026 with onsite fieldwork scheduled in November.**

Effective Date:
~~10.01.2018~~08.12.2026
Duration: Indefinite

Property Management Policy

Purpose

This policy communicates methods used by Northern Middle Tennessee Workforce Board (NMWB) for the procurement of goods and services obtained with Workforce Innovation Opportunity Act (WIOA) funds. This policy will address how to ensure proper acquisition, management, and disposition of property purchased with WIOA funds. This policy also sets forth the requirements provided by: the Office of Management and Budget (OMB), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule Title 2 of the Code of Federal Regulations, 2 CFR 200.

Background

The Workforce Innovation and Opportunity Act requires State, Local Workforce Development Boards, and service providers receiving funds under WIOA to comply with applicable uniform cost principles, including Uniform Guidance of the federal Office of Management and Budget (OMB).

Policy & Instructions

To ensure that funds are being spent in a fiscally prudent and efficient manner, sub recipients need to consider the following questions prior to requesting approval to direct-charge WIOA funds for the purchase of property:

- Is this purchase reasonable?
- Why is the purchase needed?
- Have the best products been selected?
- What procurement method was used?
- Was a lease option considered in lieu of the purchase?
- Does the State already provide the item, service, or software being considered for rent, purchase, or subscription?
- Can the purchaser show that the purchase and item is allowable under the applicable federal award?

Definitions

A. Equipment - Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $~~5,000~~10,000 ~~-~~or more per unit. Uniform Guidance specifies that equipment include information technology systems, computing devices, software and services (including support services). This includes fees for licensing or subscriptions to software and software support services. This even includes monthly subscription fees under $~~5,000~~10,000 dollars if the total annual cost for the subscription exceeds $~~5,000~~10,000 dollars; for such subscriptions, prior approval must be obtained.

B. General Purpose Equipment - This is equipment which is not limited to research, medical, scientific or other technical activities. Examples include: office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air-conditioning equipment, reproduction and printing equipment, and motor vehicles (Uniform Guidance Section 200.48).

C. Information Technology Systems - This encompasses computing devices, ancillary equipment, software, firmware, similar procedures, services (including support services), licensing or subscriptions to software and software support services, and related services (2 CFR 200.58).

D. Prior Approval - Written prior approval will be obtained from the Tennessee Department Labor Workforce Development (TNLWD) for acquisition of sensitive items and nonexpendable property with a unit acquisition cost of $~~5,000~~10,000 or more. In addition, any agreements or activities related to costs associated with real property must receive written approval by TDWLD. Sub-recipients must have prior approval from the fiscal entity for acquisition of sensitive items and nonexpendable property with a unit acquisition cost of $~~5,000~~10,000 or more.

Types of Property Which Require Accountability Maintenance

- Tangible personal property having a useful life of more than one year and an acquisition cost of $~~5,000~~10,000 or more per unit. Examples include furniture, machinery, office, operational and educational equipment, etc.
- Sensitive equipment having a unit cost of $100 to $~~5,000~~10,000. Examples include typewriters, tape recorders, printers, computers, cameras, cell phones, and lap-tops.
- Personal computers will be tagged as a unit consisting of monitor, keyboard, and the computer itself. The printer will be tagged separately.

Equipment Property Management Procedures

Property records will be maintained that include a description of the property, a serial number or other identification number, the source of property, information as to who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property. These records will also include the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

- When property with a current per-unit value in excess of $~~5,000~~10,000 has been stolen or destroyed by fire (or another disaster), is considered obsolete, or is to be traded for new equipment the NMWB shall notify the State office of the particular event and request approval to remove the property from the Record Inventory.
- If any property is stolen a copy of a Police Report must accompany the Report of the Survey. If the stolen property has a current per-unit value of $~~5,000~~10,000 or more the Federal Bureau of Investigation must be notified and a copy of the report must accompany the Report of the Survey.
- If the property is destroyed by fire a copy of a Fire Marshall's Report must accompany the Report of the Survey. When the NMWB determines that the property is non-serviceable due to obsolescence, that NMWB will request the destruction of the equipment through Asset Works (the State system) at which time the State procurement office re-evaluates the condition of the equipment. All property records must be maintained for five years after final disposition of the property.
- The NMWB will tag all property with the appropriate tag and records will indicate the program under which the property was acquired. After tagging the equipment, the NMWB will add the new items to its inventory listing. The inventory records will contain the following information:

    - Tag number
    - Program funding the acquisition
    - Percentage federally funded (if not 100%)
    - Date of purchase or acquisition
    - Condition of the property (Cost or Fair Market Value)

- Location
- Serial number or other identifying number should be added to other pieces of equipment acquired.

- Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award will be retained for a period of five years from the date of submission of the final expenditure report.

Debarred and Suspended Parties
The fiscal entity will not make any award or permit (sub grants or contracts) to any party debarred, otherwise suspended, or otherwise excluded from eligible for participation in Federal assistance programs in accordance with Department of Labor Regulation at 29 CFR Part 98.

References
2 CFR 200.48, 200.58, 200.194, 200.195, 200.405(c), 200.449, 200.452, 200.462; 20 CFR 683.200, 683.235; TEGL 15-14; WIOA Section 171 (c)(2)(A)(i); WIOA Section 184(a)(2)(A), Workforce Services Policy – Property Management

Authorized by: Approved by:

____
Marla Rye, Executive Director Date

____
John Zobl, Chairman Date

Northern Middle Tennessee Workforce Board Inc.

Effective Date: 08.12.2026
Duration: Indefinite

Property Management Policy

Purpose

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  - Date of purchase or acquisition
  - Condition of the property (Cost or Fair Market Value)
  - Location

    - Serial number or other identifying number should be added to other pieces of equipment acquired.

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The fiscal entity will not make any award or permit (sub grants or contracts) to any party debarred, otherwise suspended, or otherwise excluded from eligible for participation in Federal assistance programs in accordance with Department of Labor Regulation at 29 CFR Part 98.

References
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Authorized by: Approved by:

_______________________________ _______________________________
Marla Rye, Executive Director Date John Zobl, Chairman Date

NORTHERN MIDDLE TN WORKFORCE BOARD

JUNE 2026 FISCAL UPDATE

ACTION ITEMS

- **Accept 2025-26 Financial Report through June**
- **Accept 2026-27 Revised Budget (+$1.1M revision = $13.8M)**
- **Property management policy revision equipment threshhold change from $5,000 to $10,000**

The State of Tennessee

For PYs 2025, 2026, and 2027, Tennessee requests the following waivers:

A. Waivers impacting Tennessee Workforce Programs:

1. Waiver of the requirements found at WIOA § 128(a)(2) to allow increased flexibility in the use of funds reserved by the Governor to provide alternative service delivery to Tennessee Youth who do not meet the eligibility requirements for WIOA Title 1 Youth Services.
2. Waiver from the OSY expenditure requirements found at WIOA § 129(a)(4)(A) to reduce or remove the 75% Out of School Youth (OSY) expenditure mandate, allowing local areas more flexibility to allocate Youth funds across ISY and OSY populations based on local needs, labor-market realities, and programmatic capacity.

B. Waivers impacting Tennessee Workforce System:

3. Waiver of the reallocation provisions set forth by WIOA § 128(c)(3) and 133(c), to allow Tennessee to develop different criteria than those required by statute for the reallocation of recaptured funds among local workforce areas.
4. Waiver of discretionary formula allocation requirements set forth by 20 CFR 683.120 to allow greater discretion and flexibility in addressing specific local workforce needs.
5. Waiver of WIOA § 134(d)(2) and 20 CFR 680.910 to allow greater flexibility in the use of supportive services for eligible WIOA participants who have exited the program and are recipients of public assistance, when such services are specifically designed to mitigate benefit cliffs and support sustained employment and earnings progression.
6. Waiver of WIOA § 134(c)(3)(F)(i) and (G) and 20 CFR 680.320(a) and 680.340(a) to allow training contracts to be utilized as the primary delivery mechanism for WIOA Title I training.
7. Waiver of the business services provisions found at 20 CFR 678.435(b), in order to expand the scope of allowable business services to include providing certain standardized assessment and skill validation activities, such as the National Career Readiness Certificate (NCRC) and similar employer-recognized assessments, even when individuals receiving the assessment are not enrolled participants under WIOA Title I.
8. Waiver to modify the alternative entity requirements set forth by WIOA § 107(i)(1)(B) to allow Tennessee to designate Regional Planning Councils (RPCs) to serve as the entities responsible for carrying out the functions assigned to Local Workforce Development Boards.

C. Waivers impacting Tennessee Workforce Performance:

9. Waiver in relation to the performance accountability provisions outlined in WIOA § 116(b)(2)(B) to allow the State to incorporate state-determined key performance indicators (KPIs) and supplemental workforce system evaluations when assessing the effectiveness of local workforce development areas.

10. Waiver of WIOA § 116(b) performance accountability provisions and associated regulations at 20 CFR Part 677 and 20 CFR 679.560–679.570 to allow the temporary exclusion of certain Supplemental Nutrition Assistance Program (SNAP) participants from WIOA Title I performance accountability calculations.

D. Waivers impacting Tennessee Workforce Structure:

11. Waiver of the requirements relating to the competitive procurement of One Stop Operators set forth by WIOA § 121(d)(2)(A), 20 CFR 678.605(b) and 20 CFR 678.610, granting Tennessee the authority to select qualified One Stop Operators, independent of any non-competitive procurement requirements set forth by WIOA and OMB Uniform Guidance, resulting in a faster and more efficient selection process.
12. Waiver of the requirements at WIOA § 121(e)(1) and 20 CFR 678.300(c) to establish and maintain a comprehensive American Job Center (AJC) in each of the State's local workforce development areas.
13. Waiver of the requirements at WIOA Section 121(h) and associated federal regulations, allowing Tennessee to implement a transformational state-directed, integrated American Job Center (AJC) funding model.

WAIVER REQUEST 8:

Waiver to modify the alternative entity requirements set forth by WIOA § 107(i)(1)(B) to allow Tennessee to designate Regional Planning Councils (RPCs) to serve as the entities responsible for carrying out the functions assigned to Local Workforce Development Boards.

The statutory and/or regulatory requirements the State would like to waive

Tennessee respectfully requests a waiver of the requirement contained in WIOA Section 107(i)(1)(B) that an alternative entity used to perform Local Workforce Development Board (LWDB) functions must have "been in existence on the day before August 7, 1998."

In accordance with WIOA § 107(i), a Governor may designate an alternative entity to carry out the functions of a Local Workforce Development Board if the entity:

1. Is established to serve the local area or service delivery area that most closely corresponds to the local area;
2. Was in existence on the day before August 7, 1998; and
3. Includes representatives of business, labor organizations, or other employee representatives in the local area.

Tennessee is specifically seeking to waive only the requirement contained in Section 107(i)(1)(B) regarding the entity's existence prior to August 7, 1998. All other statutory requirements for an alternative entity under Section 107(i) will continue to be met.

In waiving this requirement, Tennessee will have the ability to designate Regional Planning Councils (RPCs) to serve as the entities responsible for carrying out the statutory functions assigned to Local Workforce Development Boards under WIOA.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

A description of the state's strategic goal(s)

Reason for the Request:

The statutory requirement that an alternative entity must have existed prior to August 7, 1998 is reflective of a grandfather clause originally intended to preserve governance structures that existed under the Workforce Investment Act (WIA). However, workforce systems and labor markets have evolved significantly since that time. One key aspect of that evolution is that modern labor markets often function at a regional level, with employers recruiting across multi-county labor sheds. As a result, workforce development strategies have increasingly centered around regional industry clusters.

Although it was established with past labor market realities in mind, the requirement that alternative entities be in existence before 1998 unintentionally restricts Tennessee's ability to modernize its governance structure in a manner consistent with WIOA's emphasis on regional planning, sector partnerships, and industry-aligned workforce strategies**.**

Specifically, if this waiver is approved, it would allow Tennessee to designate Regional Planning Councils (RPCs) to serve as the entities responsible for carrying out the statutory functions assigned to Local Workforce Development Boards under WIOA. In short, this will allow Tennessee to implement a governance model that more effectively advances the goals of WIOA by aligning workforce decision-making with regional labor markets and economic development strategies.

Tennessee's Regional Planning Councils currently meet all other existing statutory requirements to be classified as an alternative entity, including the requirements that it have:

- representation from business
- representation from labor or worker organizations
- representation from workforce partners
- alignment with regional workforce service areas

In accordance with WIOA Section 107(i), references in WIOA to LWDBs would include references to the alternate entity. Therefore, under the proposed governance structure:

- Regional Planning Councils will perform the statutory responsibilities currently assigned to Local Workforce Development Boards.
- Existing Local Workforce Development Boards would transition into regional advisory councils that provide local insight, stakeholder engagement, and strategic input into regional workforce priorities.

By implementing this mode, Tennessee would be able to preserve local engagement while strengthening regional governance and coordination of its workforce strategies.

Waiver Rationale:

Tennessee's *State Workforce Development Board One-Stop System Design Policy* divides Tennessee's workforce system into three Grand Regions: West, Middle, and East. These Grand Regions were designated as part of a LWDA redesignation effort and were intentionally aligned with Tennessee's Economic and Community Development service regions to promote regional workforce and economic alignment. Within the policy, Regional Planning Councils (RPCs) were established to serve as "regionally collaborative entities consisting of stakeholders from all three LWDAs within the Grand Planning Region working to create regional workforce system solutions." Per Tennessee's policy, RPCs must consist of regional representation from each of the local One-Stop System required partners and should also consist of One-Stop additional partners under the local MOU." RPCs also include regional stakeholders from business and industry, labor organizations and sector groups, education and training institutions, economic development organizations, local workforce boards, and workforce system partner agencies.

Tennessee's *One-Stop System Design Policy* defines the roles and responsibilities of the RPC, which include the following:

- Conduct regional strategic planning as part of each WIOA planning cycle
- Set regional goals supporting State Plan priorities
- Facilitate industry-led regional sector strategies and initiatives
- Align regional LWDA business outreach and services
- Meet quarterly to advise and recommend action plans for LWDA performance and track progress towards regional planning goals.

Operating in these roles, Tennessee's RPCs have demonstrated their ability to convene stakeholders and advance regional workforce strategies. Regional Planning Councils already serve as the primary entities responsible for developing regional workforce strategies and coordinating planning activities across Tennessee's workforce regions. Expanding their role to include governance responsibilities represents a logical evolution of Tennessee's workforce system and reflects the increasing importance of regional labor markets in workforce development strategy.

Further, the only statutory requirement that Tennessee's RPCs do not meet is the requirement that the entity must have existed prior to 1998. As previously provided, Tennessee's Regional Planning Councils currently meet all other existing statutory requirements to be classified as an alternative entity.

This waiver request is consistent USDOL's waiver authority because:

- it does not eliminate required stakeholder representation
- it does not reduce accountability or oversight
- it does not limit access to workforce services
- it maintains all other statutory requirements for alternative entities.

In short, the waiver would simply remove a historical grandfather provision that currently serves as hurdle for states to implement modern governance structures aligned with regional labor markets. Approval of this waiver would fall squarely within the Secretary's authority to approve waivers that promote innovation, efficiency, and improved workforce outcomes. Approval of this waiver would allow Tennessee to demonstrate how regional workforce governance can strengthen industry alignment, improve workforce outcomes, and enhance system efficiency, while maintaining all required stakeholder representation and accountability.

Alignment with federal policy priorities:

1. **Employer-Driven Workforce Systems:**
   Regional Planning Councils align workforce governance with regional industry clusters and employer needs.
2. **Skills-Based Talent Development:**
   Regional coordination strengthens partnerships between employers, workforce programs, and training providers to build industry-recognized credential pathways.
3. **Worker Mobility and Opportunity:**
   Regional workforce strategies support worker mobility across labor sheds and increase access to training and employment opportunities.
4. **Data-Driven Workforce System Performance**
   Regional governance allows Tennessee to leverage labor market information and performance data to guide workforce investments and measure system impact
5. **Alignment with the Flexibility and Innovation strategic pillar:**
   This waiver would also support the Flexibility and Innovation pillar by providing Tennessee the ability to modernize its workforce governance structure so it can better reflect the realities of regional labor markets.

<u>Projected outcomes following waiver implementation</u>

The primary goal of this waiver is to help Tennessee modernize its workforce system to align workforce governance with regional labor markets and industry ecosystems.

Expected programmatic outcomes include:

1. Stronger alignment between training investments and industry workforce needs
2. Expanded sector-based workforce partnerships
3. More consistent policies for Individual Training Accounts (ITAs) and supportive services across regions
4. Improved employer engagement through regionally coordinated workforce strategies.

Regional governance will also allow Tennessee to implement standardized employer engagement models, including:

1. Regional On-the-Job Training (OJT) agreements
2. Regional Incumbent Worker Training (IWT) programs
3. Coordinated sector partnership initiatives.

Individuals, groups, or populations benefitting, or otherwise impacted by the waiver from the waiver

Tennessee intends for this waiver to benefit job seekers through improved access to regional career pathways, more consistent workforce services across counties, and training aligned with regional industry demand.

This waiver will also benefit employers through streamlined engagement with workforce programs, simplified training agreements across multiple counties, and regionally coordinated workforce strategies.

How the state plans to monitor waiver implementation, including collection of measurable waiver outcome information

TDLWD, in conjunction with the Tennessee State Workforce Development Board, will continuously monitor implementation of this waiver on a quarterly basis, analyzing the ability of the State to achieve its strategic goals. Additionally, the SWDB will conduct quarterly reviews of regional workforce strategies and sector partnerships and monitor workforce outcomes and employer engagement.

As part of the monitoring and performance accountability process, TDLWD will collect data on waiver outcomes which will be included in the Tennessee WIOA Annual Report. Any waiver renewal requests will include the most recent available outcomes data.

Assurance of state posting of the request for public comment (including the dates that the state made the draft request available for public comment) and notification to affected local workforce development boards

Tennessee assures transparency by posting this waiver request for 30-day public comment on the Tennessee Department of Labor and Workforce Development’s website. In addition, electronic copies of the waiver were sent via email to all strategic partners.

July 27, 2026

The Honorable Bill Lee
Governor of Tennessee
600 Dr. Martin L. King, Jr. Boulevard
Nashville, TN 37243

Dear Governor Lee:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver request was received on April 29, 2026, as part of your recent WIOA State Plan modification submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Tennessee will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Tennessee and ETA. This action is taken under the Secretary of Labor's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and Sections 8–10 of the Wagner-Peyser Act in WIOA Section 189(i).

Requested Waiver: Waiver of the requirements found at WIOA Section128(a)(2) and 20 CFR 683.120 to allow increased flexibility in the use of funds reserved by the Governor to provide alternative service delivery to Tennessee youth who do not meet the eligibility requirements for WIOA Title I Youth Services.

ETA Response: ETA recognizes that the statute includes language that can be confusing about the use of Youth funds reserved for statewide activities. For instance, WIOA Section 129(a)(4) states that 75 percent of the funds available for statewide activities shall be used to provide youth workforce investment activities. However, WIOA Section 129(a)(2) specifies that funds reserved by the Governor for statewide youth activities may also be used for the statewide employment and training activities authorized under Section 134, regardless of whether those funds originated from the youth, adult, or dislocated worker funding streams. This same flexibility appears in WIOA Section 128(a)(2), which states that regardless of whether reserved amounts were allotted under the Youth, Adult, or Dislocated Worker allotments, the Governor may use the reserved amounts to carry out statewide activities listed in either Sections 129(b) or 134(a); both lists of statewide activities are illustrative, and statewide activities are not limited to the activities named there. Therefore, a waiver is not required for a state to use any Governor's Reserve funds to support activities under Section 134 that serve youth and young adults, and states are not required to conduct WIOA eligibility determinations for participants served with these statewide funds.

Requested Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the State and local areas expend 75 percent of Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves, for Program Years (PYs) 2026 and PY 2027, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, the State's request to waive the requirement that the State expend 75 percent of Governor's Reserve and local youth formula funds on OSY. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. The State may eliminate the OSY expenditure requirements of Governor's Reserve and local youth formula funds.

ETA expects the state to continue to serve OSY and that performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators. As a reminder, Tennessee must continue to report expenditures for youth, including both in-school and out-of-school youth expenditures, as required in the 9130 financial reporting.

Requested Waiver: Waiver of the reallocation provisions at WIOA Sections 128(c)(3) and 133(c)(3) to allow the state workforce development board to develop different criteria than required by statute for the reallocation of recaptured funds among local workforce areas.

ETA Response: ETA approves, for PYs 2026 and 2027, Tennessee's request to waive the reallocation provisions at WIOA Sections 128(c)(3) and 133(c)(3). Tennessee may reallocate recaptured funds according to State-developed criteria. ETA reviewed Tennessee's waiver request and plan and has determined that the requirements requested to be waived impede its ability to implement its plan to improve the workforce development system. Under this waiver, Tennessee has the discretion to consider additional factors described in its waiver plan in determining local workforce development area eligibility for reallocation of recaptured funds.

Requested Waiver: Waiver of the discretionary allocation formula requirements at WIOA Sections 128(b)(3) and 133(b)(3) to allow the state to establish alternative allocation formulas.

ETA Response: This request falls outside of the Secretary's waiver authority and, therefore, ETA cannot approve Tennessee's request to waive the allocation provisions in WIOA Sections 128(b)(3) and 133(b)(3). WIOA Section 189(i)(3)(A)(i) and 20 CFR 679.610 prohibit the Department from waiving any provision related to the allocation of funds to local areas. However, ETA notes that WIOA provides the Governor direct statutory authority to establish the State's own allocation formulas in the two critical areas:

- Dislocated worker funds (Section 133(b)(2)(B)): The statute directs that dislocated worker funds be allocated to local areas "based on an allocation formula prescribed by the Governor of the State," which the Governor may amend once per program year. No waiver is needed for the state to develop and apply its own DW formula.
- Of the Title I Adult funds not distributed to local areas using the statutory formula factors in Sections 128(b)(2) and 133(b)(2)(A), the Governor has authority under paragraph to

distribute the remaining (up to 30 percent) discretionary share using a formula of the State's own design, developed in consultation with the state workforce development board and consistent with 20 CFR 683.120.

Requested Waiver: Waiver of WIOA Section 134(d)(2) and 20 CFR 680.910 to allow the use of supportive services for participants within 12 months of exit for employment retention.

ETA Response: ETA approves, through June 30, 2028, the State's request to waive the requirement that prohibits the use of Adult and Dislocated Worker funds for provision of supportive services during the 12 months following participant exit and entry into employment. With this waiver, the State can provide targeted supportive services to participants who have exited from the program and entered employment, including recipients of public assistance, to ease temporary barriers that may impede job retention.

Requested Waiver: Waiver for WIOA Section 134(c)(3)(F)(i) and (G) and 20 CFR 680.320(a) and 680.340(a) to allow for all training services to be provided through training contracts.

ETA Response: ETA approves, through June 30, 2028, the State's request to allow contract for services to be used instead of Individual Training Accounts (ITAs). ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. ETA acknowledges the State's intention to maintain ITAs as a training option, but to deploy training contracts as the primary mechanism for delivering training services where contracted models better ensure alignment with employer demand and direct employment outcomes.

Requested Waiver: Waiver to modify the business services provisions at 20 CFR 678.435, to classify certain standardized assessment and skill validation activities as business services.

ETA Response: Tennessee may provide skill assessments as a business service, as described in its request, without a waiver. The regulations at 20 CFR 678.435(c) provide that, "[l]ocal areas may also provide other business services and strategies that meet the workforce investment needs of area employers, in accordance with partner programs' statutory requirements and consistent with Federal cost principles." The non-exhaustive list that follows at 20 CFR 678.435(c)(3) includes "certification for recognized postsecondary credential or other employer use," as one example of an allowable activity.

When an employer initiates the request by having a specific arrangement and directly referring workers for assessment, these activities should be treated as business services. These workers are excluded from eligibility determination and performance reporting. In all other instances, states must report individuals who receive standardized assessments or skill validation activities as participants receiving individualized career services, even when these services are also offered to employers.

Requested Waiver: Waiver of the requirement at WIOA Section 107(i)(1)(B) that alternate entities may carry out the functions of a local workforce development board if they were in existence the day before the enactment of the Workforce Investment Act of 1998 (WIA).

ETA Response: ETA approves the State's request to waive the requirement at WIOA Section 107(i)(1)(B) that alternative entities may carry out the functions of a local workforce development board only if they were in existence the day before the enactment of WIOA.

WIOA Section 107(i)(1)(B) allows a Governor to designate an alternative entity to perform the functions of a local board only if that entity meets the statutory criteria, including having existed before the enactment of WIOA. ETA approves a waiver of this timing requirement, and that the alternative entity serves the service delivery area that most closely corresponds to the local areas. All other statutory criteria for alternative entities remain applicable. The State must ensure that any regional workforce council designated under this waiver meets the requirements of Section 107(i)(1)(C).

In implementing the waiver, the State must:

- Allocate funds by formula to local workforce development areas; and
- Continue to solicit local input, including chief elected official consultation and feedback, into the activities of the regional planning council.

Requested Waiver: Waiver of the performance requirements at WIOA Section 116(c) to allow the State to modify the performance measures used to negotiate local workforce development board performance.

ETA Response: WIOA Section 116(b)(2)(B) allows the State to incorporate State-determined key performance indicators and supplemental workforce system evaluations when assessing the effectiveness of local workforce development areas including information related to:

- Regional labor force participation trends;
- Workforce pipeline development in high-demand industries;
- Impact of workforce initiatives on employer hiring outcomes;
- Wage progression and job retention attributable to workforce services;
- Effectiveness of sector partnerships and employer engagement strategies; and
- Reduction of workforce participation barriers among target populations.

Therefore, a waiver is not necessary.

The State's request indicated that it would use the State-developed indicators and evaluations to inform determinations of subsequent designation of local workforce development areas. Please note that the State may only use the following factors when considering such subsequent designation, as provided by WIOA Section 106(b)(3):

- Successful performance,
- Sustained fiscal integrity, and
- Regional planning compliance.

Requested Waiver: Waiver of WIOA Section 116(b) and 20 CFR 677.155 to exclude WIOA participants referred from the Supplemental Nutrition Assistance Program (SNAP) from WIOA reporting requirements.

ETA Response: ETA does not approve the State's request. As communicated in Training and Employment Guidance Letter (TEGL) No. 05-25: *Maximizing Opportunity in Workforce Innovation and Opportunity Act Programs*, "ETA will not support waiver requests that do not advance the administration's key priorities, such as waivers of performance outcomes of participants and training providers." In addition, ETA notes that WIOA's statistical adjustment model is specifically designed to correct for changes in the characteristics of participants served, including those receiving or eligible for public assistance, such as SNAP. At the end of each program year, the model recalculates expected levels of performance using actual participant characteristics and actual economic conditions experienced during the year. This includes variables directly tied to barriers to employment and receipt of public assistance. As a result, any increase or decrease in the number of SNAP-involved participants is automatically incorporated into the adjustment process, ensuring that states are not disadvantaged by shifts in referral sources or participant characteristics.

Further, the State may also raise anticipated changes in the population served, such as a substantial increase in SNAP-referred participants, during the performance negotiation process. When negotiating levels of performance with ETA, states can incorporate expected shifts in participant characteristics into the discussion that establishes the initial negotiated levels, rather than relying only on the statistical adjustment model to reconcile those changes at the end of the program year. ETA encourages the State to bring this information forward during its next negotiation cycle so that anticipated changes in the SNAP-referred population are reflected in the negotiated targets.

Requested Waiver: Waiver associated with the requirement at WIOA Section 121(d)(2)(A) and 20 CFR 678.605(b) and 20 CFR 678.610 to allow the State to select one-stop operators (OSO) independent of non-competitive procurement requirements.

ETA Response: This request falls outside of the Secretary's waiver authority and, therefore, cannot be approved. WIOA 189(i)(3)(A)(i) prohibits the Secretary from waiving the establishment and functions of local workforce development boards.

Requested Waiver: Waiver associated with the requirement at WIOA Section 121(e) and 20 CFR 678.300(c) to establish and maintain a comprehensive American Job Center (AJC) in each of the State's local workforce development areas.

ETA Response: ETA approves, through June 30, 2028, the State's request to waive the requirement that each local area maintain a comprehensive AJC. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. Before implementing this waiver, the State must provide ETA with the following information:

- Specify which local areas will not maintain a comprehensive AJC; and

- Explain the reasoning and anticipated benefits behind using alternative models, such as hub-and-spoke, affiliate sites, mobile units, or remote service technology, to enhance access in comparison to the current approach.

Requested Waiver: Waiver associated with the infrastructure funding agreement requirements at WIOA Section 121(h) and 20 CFR 678.700-678.755, to allow the State to use a state-governed allocation model for these costs.

ETA Response: This request falls outside of the Secretary's waiver authority and, therefore, cannot be approved. WIOA 189(i)(3)(A)(i) prohibits the Secretary from waiving requirements related to the funding of infrastructure costs for one-stop centers, which would include requirements related to the infrastructure funding agreements that govern the sharing of infrastructure costs. The Department encourages the State to consider the potential of a Workforce Flexibility Plan (Workflex) in meeting the State's goals.

Under a Workflex plan, the State may waive certain statutory or regulatory requirements applicable to local areas. With an approved Workflex plan, the State may approve local area waivers directly, rather than submitting waivers to the Secretary for approval. With this authority, the State can review and approve waivers to local areas, such as a local area request to waive requirements related to the funding of infrastructure costs for AJCs.

The approved waivers are conditioned on the following: WIOA Title I waivers may not be used for any discriminatory purposes. All activities and waiver plan provisions must comply with Section 188 of WIOA, the implementing regulations at 29 CFR Part 38, and all applicable federal nondiscrimination laws.

The State must report its waiver outcomes and implementation of the approved waivers in the WIOA Annual Report. ETA will use this information to assess continued waiver approval and to identify promising practices that may be adopted more widely. ETA is available to provide technical assistance to you in support of your goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

Marek Laco.
Acting Assistant Secretary

Enclosures

cc: Buddy Hoskinson, Deputy Commissioner, Tennessee Department of Labor & Workforce Development
Renata Adjibodou, Atlanta Regional Administrator, ETA
Elizabeth G. Warner, Federal Project Officer, ETA