



# FAQ

To: Workforce System Stakeholders  
From: State Workforce Development Board & TDLWD  
Date: August 20, 2026  
Subject: **Frequently Asked Questions Regarding Proposed Governance Framework Policy**

The Tennessee State Workforce Development Board (SWDB) published the proposed Workforce System Governance Framework Policy for public review and comment from July 31 through August 15, 2026. The proposed framework is intended to modernize workforce governance, strengthen employer-driven leadership, and support a more unified, outcomes-focused workforce ecosystem.

This FAQ provides a preliminary overview of anticipated implementation details to support early planning. It does not replace formal guidance, which the Tennessee Department of Labor and Workforce Development (TDLWD) will issue if the SWDB approves the policy.

## **1. Why is the workforce system changing, and why now?**

Tennessee is aligning its workforce system with federal priorities for industry-driven strategies, mobility, integration, accountability, and innovation. The UTCIS assessment found while local boards are committed and able to achieve compliance, compliance has not consistently equated to impact. The system needs stronger regional capacity, greater strategic consistency, and faster alignment among employers, education, economic development, and workforce partners.

## **2. What is changing under the new Workforce System Governance Framework?**

The proposed model shifts from primarily local governance and administration to an integrated regional governance structure.

Key changes include:

- Regional Workforce Development Boards (RWDBs) will become the governing entities.
- Local Workforce Development Boards (LWDBs) will transition to Local Advisory Councils (LACs).
- Regional Chief Elected Official (CLEO) Councils will jointly carry out specified elected-official responsibilities.
- The Regional Workforce Plan will become the primary strategic and WIOA compliance document.
- Governance Excellence Certification will establish enhanced certification standards for RWDBs.

## **3. What will remain the same?**

The Workforce Innovation and Opportunity Act (WIOA) will remain the governing federal statute, except where the U.S. Department of Labor's Employment and Training Administration (ETA) has approved specific waivers.

The following will remain in place:

- Local Workforce Development Area (LWDA) designations and federal allocations to LWDA's;
- statutory responsibilities and liability of Local Elected Officials (LEOs);
- federal program operations;



- services to job seekers and employers; and
- the American Job Center (AJC) network. (*AJC modernization will proceed on a parallel timeline*)

#### **4. Will Local Workforce Development Boards still exist?**

Not in their current form. By July 1, 2027, LWDBs will transition to LACs. LACs will not hold independent governance authority. They will, however, preserve LWDA-level representation and provide local input and recommendations to RWDBs through consultation processes established in RWDB bylaws and LAC charters.

#### **5. How will RWDB membership be structured?**

Each RWDB will have 25 members appointed by the Regional CLEO Council. Membership should include strong private-sector leadership and representation from:

- all three LWDA's;
- workforce and education partners;
- economic development;
- labor;
- high-demand and emerging industries;
- community-based and human services organizations; and
- public agencies.

The membership structure is intended to provide broad regional representation while strengthening employer and industry leadership.

#### **6. What is the role and membership structure of the LAC?**

LACs will meet regularly, review local workforce trends, and recommend action related to:

- employer needs;
- service barriers;
- training priorities;
- partnerships; and
- local economic conditions.

Each LAC's purpose and membership will be established through a required LAC Charter and incorporated into the applicable RWDB bylaws. LAC membership should complement, rather than duplicate, RWDB membership.

#### **7. How will LACs provide recommendations to the RWDB?**

LACs will preserve meaningful local engagement by regularly reviewing employer needs, workforce challenges, transportation barriers, training priorities, and community conditions. LACs will develop written Advisory Reports and submit recommendations to the RWDB in accordance with RWDB bylaws and LAC Charter procedures.

#### **8. How must RWDBs consider and document LAC recommendations?**

Before acting on a matter that substantially affects an LWDA, the RWDB must provide the relevant LAC with a reasonable opportunity to review the matter and provide recommendations. The RWDB must consider the LAC's recommendations and document the recommendation, evaluation, decision, and rationale in the official meeting record.

#### **9. What is the role of Local Elected Officials under the new model?**

LEOs will retain their statutory authority under WIOA and will act collectively through the Regional CLEO Council. Each LWDA's CLEO will represent the LEOs of that LWDA.

Unanimous approval will be required for:

- ~~selection of the fiscal agent or grant recipient;~~



- RWDB appointments and renewals;
- approval of the Regional Workforce Plan; and
- approval of the Regional Budget.

Other decisions generally will require a majority vote unless applicable law requires otherwise. Unresolved matters may be referred to TDLWD for final determination.

#### **10. How will governance documents change?**

Regions will update or develop the following documents:

- RWDB bylaws;
- LAC Charters;
- LWDA interlocal agreements;
- Regional Partnership Agreements; and
- policies addressing meetings, transparency, conflicts of interest, accessibility, and open meetings.

These documents will establish membership requirements, appointment and removal procedures, decision-making rules, committee structures, and LAC consultation processes. Regional Planning Councils may adopt existing Lead Administrative Organization (LAO) policies, where appropriate, to streamline the transition.

#### **11. What is the Lead Administrative Organization, and how is it selected?**

The Lead Administrative Organization (LAO) will provide administrative, operational, and technical support to the RWDB. Responsibilities will include:

- governance support;
- regional planning;
- grant and budget oversight;
- procurement;
- reporting;
- compliance monitoring; and
- partner coordination.

The RWDB will select the LAO through a transparent, objective process using TDLWD and SWDB standards. The evaluation will address:

- governance, administrative, and fiscal capacity;
- organizational stability;
- collaboration;
- performance history;
- strategic capacity; and
- geographic accessibility.

Organizations that are sanctioned or designated as at risk will be ineligible for selection. The RWDB must also select an Executive Director to lead LAO staff support.

#### **12. What standards must a Fiscal Agent meet, and how will the Fiscal Agent be selected?**

Designation of the Fiscal Agent will remain a CLEO responsibility exercised through the Regional CLEO Council. The RWDB and Regional CLEO Council will jointly develop an objective, documented evaluation process using TDLWD standards.

The evaluation must address:

- financial systems;
- internal controls;
- grant administration;



- staffing;
- audit history;
- organizational stability;
- liquidity;
- working capital; and
- capacity to safeguard and disburse public funds.

TDLWD strongly encourages regions to select the RWDB-selected LAO as Fiscal Agent when the LAO meets applicable fiscal standards. A formal agreement will define the respective roles, responsibilities, and controls.

### **13. What performance expectations will regions be held to?**

RWDBs will be expected to meet or exceed federal performance metrics for the LWDA within the region.

State performance expectations also will emphasize:

- employer satisfaction;
- workforce participation;
- talent pipeline effectiveness;
- fiscal stewardship;
- customer experience;
- accessibility;
- regional collaboration;
- innovation; and
- advancement of statewide priorities

### **14. Will regions still operate multiple One-Stop Operator or Career Service Provider contracts?**

TDLWD guidance will establish a default of one One-Stop Operator and one Career Service Provider per region. A region may request a waiver when multiple contracts are necessary to serve all LWDA or specific populations effectively. LWDA-level contracts will be phased out, and regional contracts will be administered by the LAO.

### **15. What is Governance Excellence Certification, and how will it affect RWDBs?**

SWDB and TDLWD will use Governance Excellence Certification to fulfill WIOA board certification requirements and assess RWDBs every two years.

Certification will include three levels:

- Level I — Functional
- Level II — Effective
- Level III — Role Model

The certification rubric will address strategic governance, employer leadership; performance, and innovation. Higher certification levels may create additional strategic or funding opportunities.

### **16. What is the implementation timeline?**

Implementation is expected to begin in September 2026 and conclude by July 2027.

Key phases include:

- operational stability and organizational capacity assessment
- regional design, governance, and budget development
- fiscal readiness
- reconciliation and contracting



- governance transition
- shared-services transition
- contract transition and funding cutover
- legacy closeout and readiness

**17. Will transition funds be provided?**

Yes, transition funding will be provided during fiscal readiness testing. Additional details will be addressed in formal guidance.

**18. When will full guidance be available?**

Full Standards and Operating Guidance is expected to be released after the SWDB's August 28, 2026, meeting if the Board adopts the policy.

**19. What should stakeholders start doing now?**

Regions can begin preparing for implementation by:

- reviewing Regional Workforce Plans, current bylaws, interlocal agreements, and partnership agreements;
- assessing current and future membership needs;
- evaluating potential LAO capacity;
- beginning discussions about unified regional service delivery;
- preparing for stronger regional collaboration; and
- considering how strategic priorities will influence workforce services

These activities are intended to support early planning and readiness and do not replace requirements that will be established through final policy and formal TDLWD guidance.