



August 2026

FutureReady States Profile: Tennessee



Lumina[™]
FOUNDATION

FUTUREREADY
STATES



Intro

An economic boom in Tennessee helped the state rebound faster than most others after the COVID-19 pandemic, bringing new businesses and an abundance of higher-paying jobs. But with prosperity came a new challenge: While more than 150,000 good-paying jobs were created, too few Tennesseans had the education and training they needed to fill them.

Workers who were motivated to ramp up their skills—and had the time and money to do so—faced a daunting maze. The state’s technical and community colleges and workforce training centers offered an overwhelming number of degree tracks, credential programs, and other training opportunities. There was no clear way to determine which ones would satisfy employers’ demands, ensure good pay, and help build a career path to economic mobility.

To close critical workforce gaps, Tennessee leaders knew that the state’s systems of education and training needed to be more transparent, accessible, and affordable. More importantly, they knew that programs needed to be aligned with available jobs, yield good pay, and offer clear career pathways.

State leaders have worked to address these issues in recent years, launching initiatives to streamline and link historically siloed systems. The goal is to create programs designed to meet the actual workforce needs of the state’s employers—programs that are customized by industry and offer learners clear, practical paths to reach their career goals. Whether striving for an entry-level job that provides opportunity for growth or building advanced skills, workers need more certainty that earning a credential will pay off in real terms.

Tennessee's Challenge

Tennessee's skills gap has been growing as its industries expand and innovate and as new businesses form or relocate in the state. By 2031, nearly two-thirds of good jobs in Tennessee are expected to require additional education and training after high school. Fewer than half of working-age Tennesseans have such a credential. The state is prioritizing training tied to "in demand" occupations, which are those that demonstrate a robust market for jobs, that meet a high-wage threshold, and have evidence that workers are being hired.

"The state with the workers will win the future," Gov. Bill Lee declared in 2025 as he shared his plan for ensuring a "seamless, transparent system," of education and workforce development.

Short-term credentials are expected to play a significant role in that effort, especially in high-demand sectors such as renewable energy, health care, aviation, and artificial intelligence and technology. However, for the promise of

"The state with the workers will win the future,"

Bill Lee, governor of Tennessee

short-term credentials to be realized, programs and funding systems must be better aligned to support workers' post-high school journeys.

That's why state officials are working intently to bring clarity and cohesion to this complex web of short-term programs, creating rigorous standards for evaluating how well they lead to employment and higher wages. The state's approach calls for collaboration among multiple agencies that oversee education, labor, economic development, and human services. It also requires stronger, ongoing partnerships with employers.



Tennessee's Approach:

The effort to transform Tennessee's short-term credential system started with the creation of a common vocabulary across state agencies and initiatives. A clear definition of a "credential of value" was enshrined in state statute in 2024 and is outlined in the Tennessee Higher Education commission's master plan for the next decade. A "quality non-degree credential"—for example, an industry certification, registered apprenticeship, occupational licensure, or certificate—is one that culminates in a recognized industry certification, license, or apprenticeship, can connect to further education or training, and qualifies the recipient for an in-demand occupation. While this definition is not officially part of the state accountability system and does not carry weight for funding eligibility, the state hopes to use it to guide future policy changes.

Tennessee is getting technical assistance and other support from Lumina Foundation's FutureReady States (FRS) initiative to advance ongoing state efforts, including:

- Creating a database of short-term education and training opportunities.
- Creating an aligned list of funding sources that support short-term credential programs.
- Working to define "stackability" for non-degree credentials and traditional higher education programs. This will help students and professionals move more seamlessly from a credential to advanced technical training to a college degree.

Progress/Successes:

Hundreds of credential programs around the state can be completed in as little as 12 weeks and have shown direct alignment with existing jobs. The Tennessee Board of Regents documented some 2 million workforce training hours earned by more than 40,000 students in 2024, a 14% increase. As part of nearly \$100 million in annual workforce investments, the state is targeting funding to bolster the credential efforts, including:

- \$6.3 million in recurring annual funds for the Micro-Credentialing Program to develop short-term certifications related to skills identified by employers and state partners.
- \$10 million in the 2027 budget for select training programs to support the nuclear and renewable energy sector.

- \$12 million a year for Tennessee Reconnect, a program funded by the state's lottery that helps cover tuition and mandatory fees for adults pursuing associate degrees or certificates.

Over the past year, Tennessee has made significant strides in breaking down barriers for learners and in building support for the effort among various stakeholders. Notably, it has mobilized bachelor's degree-granting institutions to be nimbler and more innovative in creating short-term credential programs to augment those offered at the state's 13 community colleges and 23 technical colleges.





Looking Ahead

Even with all the progress, there is still work to do in Tennessee to make short-term credential programs a vital and effective piece of the state's workforce strategy. In the future, officials aim to catalogue and track credential programs and improve connections among non-degree and degree offerings. The state is refining program requirements to give adult learners credit for prior learning and work experience, thus accelerating progress toward their educational goals.

As in most other states, more data on students, coursework, and jobs is needed to guide changes to credential offerings in Tennessee. To ensure student success, the state recognizes it must respond to the rapidly changing needs of employers, especially in key sectors, and address the growing need for expertise in artificial intelligence. While the durable skills and broad knowledge that define traditional higher education remain highly valuable, the specific technical and industry-specific skills delivered through shorter-term credentials are essential for many of today's jobs.

The state's 10-year plan for higher education includes short-term credentials in the essential mix of opportunities for ensuring an "aligned, achievable, and agile" system that will meet the evolving needs of the economy.

"The goal is that we have no dead ends for people pursuing education and training,"

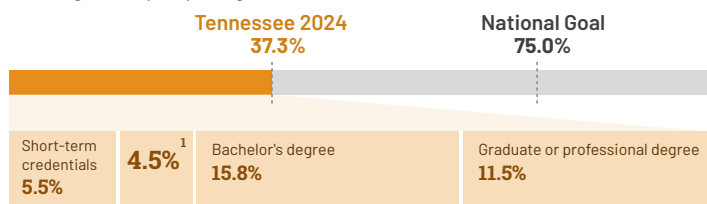
**Julie A. Roberts, chief academic officer,
Tennessee Higher Education Commission**

"The goal is that we have no dead ends for people pursuing education and training," said Julie A. Roberts, chief academic officer for the Tennessee Higher Education Commission and the state lead for the FutureReady States initiative. "We want to ensure there's a positive outcome for each learner that translates into helping them choose the right path, making the system less burdensome, and shortening time to completion and landing a better job. And if they want to keep going, they've got an opportunity to go as far as they want."

Tennessee Snapshot

Credentials of Value Share in Tennessee

Among 2.9m people ages 25–64 in the labor force



¹ Associate degree: 4.5%

Measured as the share of the labor force with a post-high school degree, certification, or certificate and are making at least 15% more than the national median annual salary of a high school graduate. Source: Lumina Foundation's A Stronger Nation, 2025

Definition of Credentials of Value:

[Tenn. Code Ann. § 49-4-902(33)]

A "Quality non-degree credential" or "QNDC" means a credential, other than a degree or a diploma, the receipt of which indicates satisfactory completion of a workforce training program that:

(A) Has a defined curriculum, objectives, and results in the awarding of a credential upon successful completion;

(B) Culminates in an industry certification, registered

apprenticeship, occupational licensure, or certificate, but does not include participation in, or completion of, a program of professional development, continuing education, exam preparation, or similar objectives;

(C) May be articulated to other quality non-degree credentials, postsecondary degrees, or diploma programs;

(D) Qualifies an individual for an in-demand occupation; and

(E) Is not eligible for federal Title IV funding;

Partners/Collaborators in State Short-Term Credential Efforts

- Tennessee Higher Education Commission
- Tennessee Board of Regents
- Austin Peay State University
- Tennessee Department of Labor and Workforce Development
- Tennessee SCORE
- Tennessee Business Roundtable
- University of Tennessee System

Priority or Emerging Industry Sectors

Rural health care, nuclear, advanced manufacturing, IT/artificial intelligence, aviation

Leader of Energy Production

Tennessee has established itself as a national leader in energy production, building on a rich legacy while embracing innovation as the path to economic growth. The Tennessee Valley Authority, created in 1933, transformed the region by bringing electricity to millions and continues to serve as one of the nation's largest public power providers. The federally funded Oak Ridge National Laboratory, born from World War II's Manhattan Project, remains a flagship research facility advancing nuclear science and energy technologies.

Today, Tennessee's energy sector is growing again. More than 200 companies participate in the state's expanding nuclear industry, a comprehensive ecosystem that spans research, manufacturing, construction, and operations.

This nuclear renaissance, combined with new investments in the renewable energy sector, generates thousands of jobs for highly skilled workers across the state. State education and workforce leaders, together with industry partners, are designing specialized short-term training programs and more advanced pathways to prepare tens of thousands of workers for these jobs. In the nuclear sector, these jobs include engineers,

reactor operators, specialized welders, electricians, quality control technicians, radiation protection specialists, project managers, and other skilled trade professionals.

With some \$10 billion in private investment pouring into the state's nuclear field, many of the nearly 40,000 jobs being created offer competitive salaries, comprehensive benefits, and long-term career stability.

The field is especially ripe for workers with relevant job experience or those who've already earned a degree and are looking to switch fields. But given the rigorous requirements and safety standards needed to work in nuclear fields—including construction, biomedical, renewable energy, research, and security—most jobs require additional credentials and ongoing training.

For nearly a century, Tennessee has helped power the nation. To maintain its standing in the new era of energy growth, the state will need to grow the workforce and help more people earn the specialized skills and certifications and build better pathways that will enable workers to take full advantage of the array of career opportunities the field offers.



FutureReady States – Priorities

The FutureReady States initiative is a key element of Lumina Foundation's bold new goal: by 2040, 75 percent of U.S. adults in the labor market will have a degree or other credential of value leading to economic prosperity. The FutureReady States – Alabama, Colorado, Connecticut, Illinois, Louisiana, Michigan, Mississippi, New Jersey, North Carolina, Tennessee, Texas, and Virginia – are receiving technical support to develop shared strategies and measurable goals to ensure that short-term credential programs deliver positive outcomes for learners and employers. The FutureReady States are taking a customized approach focused on three general priorities:

- Conducting a landscape analysis of short-term education and training opportunities and the various funding sources for institutions and learners.
- Identifying opportunities for strengthening pathways, such as defining “stackability” and creating more seamless alignment between degree and non-degree programs.
- Developing strategies to improve the return on investment for short-term credential programs, such as defining standards for credentials of value, building out data systems, and tracking job and wage earnings for specific credentials.

Lumina Foundation 2040 Goal – A Stronger Nation

In a changing world, education is more important than ever. Lumina Foundation believes that higher education should be a tool for opportunity, helping people create a better, more prosperous future for themselves and their families. That's why Lumina has set a bold new goal: By 2040, 75 percent of adults in the U.S. labor force will have college degrees or other credentials of value leading to economic prosperity.

To do so will require helping a greater proportion of the adult population to tap into the many education and training

options available beyond high school. Short-term credentials are an essential part of that equation, but they must reflect high-quality preparation and demonstrate a direct link to good jobs and better wages.

Nearly three dozen states are funding 111 active initiatives for improving the short-term credential ecosystem, at a total of \$8.1 billion, according to the latest data compiled by HCM Strategists with funding from Lumina. That's up from last year's total of 70 initiatives in 32 states totaling \$5.6 billion.



Lumina Foundation | 30 South Meridian Street
Suite 700 | Indianapolis, IN 46204-3503

P 317.951.5300 | TF 800.834.5756 | luminafoundation.org



Lumina Foundation



Lumina Foundation