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# Chapter 10

## CONVERGENCE BETWEEN PRIVATE WORKFORCE DEVELOPMENT INITIATIVES AND FEDERAL PUBLIC POLICIES IN THE UNITED STATES: THE CASTELO FORTE LLC CASE



# CONVERGENCE BETWEEN PRIVATE WORKFORCE DEVELOPMENT INITIATIVES AND FEDERAL PUBLIC POLICIES IN THE UNITED STATES: THE CASTELO FORTE LLC CASE

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**Abstract:** This paper presents a systematic literature review on the convergence between private workforce development initiatives and federal public policies in the United States, using the Castelo Forte LLC business model as an analytical reference. Through an in-depth analysis of eight federal policies — the Workforce Innovation and Opportunity Act (WIOA), the Adult Education and Family Literacy Act (AEFLA), Opportunity Zones (OZs), the Work Opportunity Tax Credit (WOTC), the Registered Apprenticeship Program, the Second Chance Act (SCA), the Temporary Assistance for Needy Families (TANF), and the Community Development Financial Institutions Fund (CDFI) — the study examines how the strategic positioning of a private workforce development company can catalyze social and economic impacts when aligned with the federal regulatory framework. The methodology was based on a systematic review of scientific publications, government reports, policy think tank studies, and federal regulations published between 2021 and 2026. The results demonstrate that the convergence between Castelo Forte LLC’s operational model and the aforementioned public policies not only optimizes resource allocation, reduces transaction costs, and broadens the reach of employability initiatives, but also establishes an innovative paradigm for future public-private partnerships (PPPs) focused on human development and the reduction of economic inequalities. The paper

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concludes that private companies positioned at the intersection of these federal policies have unique transformative potential, provided they operate with methodological rigor, transparency, and commitment to vulnerable populations.

**Keywords:** Workforce development; Federal public policies; Public-private partnerships; WIOA; Opportunity Zones; Castelo Forte LLC; Economic inclusion; Social reintegration.

## **Introduction**

Workforce development in the United States has historically been characterized by tension between state action and private initiative. Over recent decades, the federal government has built an elaborate framework of public policies aimed at connecting workers facing employment barriers to labor market opportunities, while simultaneously encouraging the private sector to play an active role in this process. However, the effective integration between these two spheres — public and private — remains an evolving field, both from a practical and a theoretical standpoint.

In recent years, accumulated evidence from the specialized literature suggests that private workforce development initiatives, when strategically aligned with existing federal policies, can generate social and economic returns significantly higher than those obtained by either party operating in isolation. This potential synergy has attracted growing interest from researchers, policymakers, and business leaders committed to social responsibility and transformative impact.

In this context, Castelo Forte LLC emerges as an analytically significant case study. Established as a private workforce development company in the United States, Castelo Forte LLC structures its business model in explicit alignment with the major federal policies on employability and human development, serving as a paradigmatic example of how the private sector can not only complement government action but substantially amplify it. The company's model is grounded in the provision of integrated services encompassing professional training, employment intermediation, and



socioeconomic reintegration support for vulnerable populations — including immigrants, formerly incarcerated individuals, social assistance recipients, and displaced workers — operating in geographic areas eligible for federal incentives and establishing partnerships with employers who benefit from tax credits associated with hiring target-group workers.

The primary objective of this article is to conduct a systematic literature review on the convergence between the Castelo Forte LLC business model and eight U.S. federal public policies, analyzing how this synergy optimizes social and economic impact and can serve as a model for future public-private partnerships. To this end, the study is organized as follows: after presenting the methodological procedures adopted in the systematic review, each of the eight federal policies and their interfaces with the private model in question are analyzed individually; the synergistic potential of the identified convergence and its implications for the architecture of future PPPs are then discussed; and finally, conclusions and recommendations for future research are presented.

## **Methodology**

This study adopts the systematic literature review methodology, recognized as the gold standard for evidence synthesis in applied social sciences and public policy. The review was conducted in accordance with the principles established by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA), adapted to the fields of public policy and organizational development.

The bibliographic search strategy encompassed the Web of Science, Scopus, ERIC, and Google Scholar databases, as well as repositories from the National Bureau of Economic Research (NBER) and primary governmental sources — including the Federal Register, the U.S. Department of Labor (DOL) portal, the U.S. Department of Education, the U.S. Government Accountability Office (GAO), the Congressional Research Service (CRS), and the Internal Revenue Service (IRS) — supplemented by publications from internationally recognized think tanks such as the Economic Innovation Group (EIG), the Urban Institute, the Brookings Institution, the Center for American Progress (CAP), the



Century Foundation, and the CSG Justice Center.

Search descriptors included: “workforce development”, “public-private partnerships”, “WIOA”, “Opportunity Zones”, “WOTC”, “Second Chance Act”, “Adult Education Family Literacy Act”, “Registered Apprenticeship”, “TANF”, “CDFI”, “social impact”, and “reentry workforce development”. Searches were conducted using Boolean combinations (AND, OR) to maximize sensitivity and specificity of results. The coverage period spanned January 2021 to April 2026, with selective inclusion of seminal references from earlier periods when essential for the historical contextualization of the analyzed policies.

Inclusion criteria were: (i) publications in English or Portuguese; (ii) preferred publication period between January 2021 and April 2026; (iii) focus on U.S. federal public policies for workforce development and/or public-private partnerships in the employability sector; and (iv) full text availability for analysis. Exclusion criteria included: (i) studies focused exclusively on non-U.S. contexts without explicit comparison with the United States; (ii) opinion articles lacking empirical basis; and (iii) duplicate publications. After applying the filters, 68 documents were selected for in-depth analysis, the synthesis of which constitutes the structure of this article.

Data analysis followed a qualitative approach, with emphasis on narrative synthesis of evidence, identification of convergent patterns among the different policies, and assessment of the synergy potential with private workforce development models. Triangulation among governmental, academic, and think tank sources was used as a validation strategy for the findings.

## **The Federal Workforce Development Framework in the United States**

### **The Workforce Innovation and Opportunity Act (WIOA)**

The Workforce Innovation and Opportunity Act (WIOA), enacted on July 22, 2014, and considered the most comprehensive reform of the U.S. public workforce development system since 1998, constitutes the cornerstone of the federal framework in this area. Conceived as bipartisan legislation,



WIOA establishes an integrated system of employment, education, vocational training, and worker support services, with special emphasis on populations facing significant employment barriers — including low-income adults, vulnerable youth, displaced workers, individuals with disabilities, immigrants, and formerly incarcerated individuals (U.S. DEPARTMENT OF LABOR, 2014).

WIOA operates through four core programs: (1) Adult, Dislocated Worker, and Youth Programs, administered by the Department of Labor; (2) the Adult Education and Family Literacy Act (AEFLA), administered by the Department of Education; (3) the Wagner-Peyser Employment Service; and (4) the Vocational Rehabilitation Program. The law requires states to develop integrated Quadrennial State Plans, in which they articulate their workforce development strategies in a coordinated manner across core programs, fostering regional collaboration and transparency through publicly negotiated performance targets (FEDERAL REGISTER, 2024).

WIOA performance data reveal its substantial reach and social relevance. In program year 2022, WIOA served 299,910 adults, 212,018 displaced workers, 132,506 youth, and 2,344,726 participants through the Wagner-Peyser program. In terms of outcomes, the employment rate in the second quarter after program exit was 74.4% for adults, 71.4% for displaced workers, 73.9% for youth, and 68.2% for Wagner-Peyser participants (CENTER FOR AMERICAN PROGRESS, 2024). Program year 2023 data, available through WIOA national dashboards, report employment rates of 68.6% in the second quarter and 69.0% in the fourth quarter after exit, reflecting a still-robust system with significant room for improvement.

Despite its reach, WIOA faces structural funding challenges that limit its potential. Since 2015, WIOA's real funding has not kept pace with economic growth, inflation, or population increases. The Center for American Progress (2024) estimates that the current level of funding for employment and training services is \$400 million to \$1 billion short of what is needed when accounting for inflation and population growth. WIOA was originally authorized for the period 2015–2020 and has not been formally reauthorized by Congress, being kept operational through temporary extensions in annual appropriations.



The intersection between WIOA and private workforce development models such as Castelo Forte LLC’s is particularly fertile. WIOA actively encourages partnerships with the private sector, recognizing employers and private training entities as essential actors in the system. Eligible private organizations may serve as educational and training service providers at American Job Centers (AJCs), receiving federal funding. Additionally, WIOA provides for the possibility that private companies establish Memoranda of Understanding (MOUs) with Local Workforce Development Boards, formally integrating into the public services ecosystem (WORKFORCEGPS, 2022).

The Century Foundation (2025) argues that future WIOA reforms should formally incorporate funding for high-road training partnerships — which place industry-worker partnerships at the center of training strategies and are explicitly designed to improve job quality and promote economic mobility. The study advocates that WIOA should make available a dedicated funding stream to support these partnerships — modeled after the DOL’s 2023–24 “Building Pathways to Infrastructure Jobs” grants — which would help reorient the system toward industry-led but worker-centered training strategies, promoting inclusive regional growth. In December 2023, the House Education and the Workforce Committee approved the “A Stronger Workforce for America Act”, which passed the House in April 2024 with strong bipartisan support, signaling a legislative trend toward greater integration between the public system and innovative private providers.

### **The Adult Education and Family Literacy Act (AEFLA)**

The Adult Education and Family Literacy Act (AEFLA), constituted as Title II of WIOA, represents the primary federal investment in adult basic education in the United States. Administered by the Office of Career, Technical, and Adult Education (OCTAE) of the Department of Education, AEFLA funds state programs that provide adult basic education, English language acquisition, high school equivalency preparation (GED/HiSET), and Integrated Education and Training (IET) programs.



According to the consolidated legislation (34 CFR Part 463, U.S. DEPARTMENT OF EDUCATION, 2024), AEFLA’s central purposes include: assisting adults in becoming literate and acquiring the knowledge and skills necessary for employment and economic self-sufficiency; supporting parents and family members in obtaining education and skills that expand family economic opportunities; assisting immigrants and English language learners in improving their language proficiency and understanding of rights and responsibilities of citizenship; and supporting incarcerated individuals in strengthening their knowledge and skills to promote successful reintegration into society.

AEFLA’s capacity to provide Integrated Education and Training (IET) programs represents one of the most promising interfaces with the private sector. In these programs, basic skills instruction — reading, writing, mathematics, English proficiency — is simultaneously combined with sector-specific vocational training, so that participants do not need to complete a lengthy sequence of basic education before beginning professional qualification. In this model, private providers may act as partners in the vocational training component, while AEFLA funds the educational component, generating a highly efficient shared-cost model with great appeal for immigrant populations or those with educational deficits (U.S. DEPARTMENT OF EDUCATION, 2024).

Program Memorandum 24-3, issued on January 31, 2024, by OCTAE, represented an additional advance by clarifying that AEFLA funds may be used to cover childcare and transportation costs for participants — two of the main non-academic barriers that prevent low-income adults from persisting in training programs — expanding the scope of possible integration with private providers and reducing programmatic dropout rates (U.S. DEPARTMENT OF EDUCATION, 2024). This regulatory advance is particularly relevant for the demographic profile of Castelo Forte LLC’s beneficiaries, which frequently includes immigrant single mothers for whom childcare represents a primary barrier to engagement in qualification programs.



## Opportunity Zones (OZs)

Opportunity Zones constitute a tax incentive program established by the Tax Cuts and Jobs Act of 2017 (TCJA), with the objective of stimulating private investment in designated low-income communities across all U.S. states and territories. The program offers progressive tax benefits — including deferral, partial reduction, and, under certain conditions, exclusion of capital gains tax — to investors who allocate capital in Qualified Opportunity Funds (QOFs), provided the capital is subsequently invested in businesses or properties located in designated Opportunity Zones.

Data on the program’s financial impact are of unprecedented magnitude in the history of U.S. place-based federal policies. According to the Economic Innovation Group (2023), more than \$48 billion was invested in 7,800 Qualified Opportunity Zone Funds across the country by the end of 2022. The Urban Institute (2025) reports that between 2018 and 2024, more than \$100 billion was directed to Opportunity Zones, with average annual investments exceeding \$20 billion — a magnitude greater than that of the New Markets Tax Credit, the largest federal place-based investment incentive instrument prior to OZs. The U.S. Treasury’s Office of Tax Analysis identified \$89 billion in qualifying capital investments in Opportunity Funds from 2019 to 2022, reaching more than 5,600 low-income neighborhoods, representing a 66% penetration rate of designated census tracts — remarkable for a federal place-based program (URBAN INSTITUTE, 2025).

The Economic Innovation Group (2024) documents that OZs produced a particularly pronounced impact in the real estate and urban development sector. Wheeler (2022), in one of the most methodologically robust studies in the field, analyzed building permits issued through June 2022 in 47 major cities and 12,000 census tracts, finding that OZ designation generated a “large and immediate” increase in commercial and residential development, with a 2.9 percentage point increase in the probability of new development occurring in a given month — a jump exceeding 20%. A working paper from EIG (2025) found that OZs were responsible for a net increase of 313,000 housing units over five years (Q3 2019 to Q3 2024), beyond what would have occurred in the program’s absence.



From an employment perspective, the study by Arefeva, Davis, Ghent, and Park (2024) — one of the first peer-reviewed studies to record positive effects on expected indicators — documents an increase in employment growth in OZs, especially in the construction industry, with positive spillover effects for neighboring areas. The EIG review (2024) notes, however, that studies analyzing only time windows immediately following the law’s enactment — without contemplating the post-regulation period, when QOFs effectively began making investments at scale — tend to underestimate the program’s effects.

The literature also documents limitations and distributive tensions. The Urban Institute (2025) points to a tendency for investment concentration in areas that already have higher volumes of pre-existing investment: approximately 75% of OZ investments were directed to zones in the top 20% of commercial investment, indicating that genuinely disinvested communities tend to be underrepresented in the program’s benefits. The MOST Policy Initiative (2024) corroborates this reading, documenting that 5% of OZs received 78% of total funding, while the remaining 95% of zones shared only 22% of resources. In response to these criticisms, Congress in 2025 made the program permanent and introduced stricter eligibility rules — including more demanding median family income criteria for designation of new zones — as well as specific incentives for rural areas; reforms that tend to expand the impact potential of socially oriented companies such as Castelo Forte LLC in the most genuinely needy communities.

### **The Work Opportunity Tax Credit (WOTC)**

The Work Opportunity Tax Credit (WOTC) is a federal tax credit jointly administered by the Internal Revenue Service (IRS) and the Department of Labor, available to employers who hire individuals belonging to certain target groups that historically face high unemployment rates and significant barriers to the labor market. Authorized by the Consolidated Appropriations Act of 2021 through December 31, 2025, the WOTC equals 40% of up to \$6,000 in qualified wages paid to an



eligible individual who works 400 hours or more, generating a typical maximum credit of \$2,400 per worker — potentially reaching \$9,600 for veterans with severe disabilities (IRS, 2024).

The ten eligible target groups include: individuals with prior felony convictions or those released from prison; state assistance recipients under TANF; veterans unemployed for 6 months or more; Supplemental Nutrition Assistance Program (SNAP) recipients between the ages of 18 and 39; Supplemental Security Income (SSI) recipients; residents of designated empowerment zone communities; long-term TANF recipients; summer youth from designated communities; long-term unemployed individuals; and vocational rehabilitation referrals (IRS, 2024). This broad coverage of target groups means that a significant portion of the workers served by Castelo Forte LLC — low-income immigrants, formerly incarcerated individuals, social assistance beneficiaries — are eligible, generating automatic economic incentives for employer partners.

The Tax Foundation (2023) presents a balanced assessment of empirical evidence on WOTC's impact. Most existing studies suggest that the program produced positive employment gains for target groups, at least in the short term. One study estimates that WOTC increased employment rates among eligible groups by approximately 12.6 percentage points. A RAND Corporation study, examining specifically eligible veterans, found that WOTC increased their employment rates by 1.8 percentage points and their wage income by 39.9%. Another study, using a Wisconsin database, found increases of 5.9 percentage points in employment rates and 9% in wages of beneficiaries.

The Brookings Institution (2025) presents a more forceful critique, arguing that the most rigorous evidence indicates WOTC has limited effectiveness in increasing employment for the groups it is meant to benefit, estimating that approximately 97% of the credit's benefits go to companies that would have hired the workers regardless of the credit — the so-called inframarginal effect. The average WOTC-certified worker earns approximately \$9 per hour and the median employment duration is less than a year, with no consistent evidence that the credit improves retention or increases long-term wages.

This divergence in the literature has direct and important implications for Castelo Forte



LLC’s model. A company that not only connects employers to WOTC-eligible workers but also provides post-placement services — career coaching, conflict mediation, individualized follow-up, and ongoing professional development support — substantially increases the probability of long-term retention, transforming the marginal impact of the credit. In other words, WOTC in isolation may be an instrument of limited effectiveness; but WOTC combined with qualified private worker support services potentially resolves its main limitation identified by the literature. Congressional representatives introduced in 2023 the “Improve and Enhance the Work Opportunity Tax Credit Act”, which, if approved, would increase the credit percentage from 40% to 50% and add a second credit tier for employees working 400 hours or more, privileging precisely the type of sustainable placement that results-oriented private companies tend to promote (TAX FOUNDATION, 2023).

### **The Registered Apprenticeship Program**

The Registered Apprenticeship Program (RAP), administered by the U.S. Department of Labor’s Office of Apprenticeship, constitutes one of the most well-documented workforce development mechanisms, combining paid on-the-job training with complementary technical instruction in a model that generates substantial and verifiable returns for both workers and employers.

The most recent data from the U.S. Government Accountability Office (2025) reveal that RAPs enrolled approximately 940,000 individuals in fiscal year 2024, distributed across a growing variety of industries ranging from construction — which historically accounts for approximately half of enrollments — to healthcare, information technology, cybersecurity, and educational services. The DOL reported that between April 2022 and March 2023, RAP completers earned average annual salaries of approximately \$80,000 in the first year after program completion — above the average wage of two-year college degree holders, without the student debt burden associated with traditional higher education (GAO, 2025).

The White House Council of Economic Advisers (CEA, 2024) documents that evaluations of



RAPs consistently find that the programs are associated with large wage premiums for participants. Katz and Shakesprere (2022) refined this type of analysis by comparing the wage growth of apprentices to equivalent non-apprentices, finding substantially faster wage growth for apprentices (43%) than for their peers (16%) — results that the CEA (2024) classifies as very substantial compared to most other labor market interventions. Women experienced even greater wage growth (65%) than men (43%), suggesting that the apprenticeship model is particularly effective in reducing gender gaps in the labor market.

The Inflation Reduction Act of 2022 added an additional layer of incentives to the apprenticeship model, requiring employers with four or more employees seeking maximum tax credits for clean energy projects to use registered apprentices for a certain percentage of work hours on supported projects — 10% in 2022 and 15% in 2024 (CONGRESSIONAL RESEARCH SERVICE, 2025). This linkage between decarbonization incentives and workforce development through apprenticeship creates emerging opportunities for companies like Castelo Forte LLC to act as sponsors or intermediaries of RAPs in clean energy and infrastructure sectors, which are among the fastest-growing and highest-paying segments of the current U.S. economy.

The GAO (2025) identified that at least 26 federal programs across different departments can support “earn-and-learn” opportunities such as apprenticeships, suggesting that a strategically positioned private company can access multiple federal funding sources to structure a comprehensive apprenticeship program. Employers identified the main benefits of RAPs as: greater employee retention, ability to fill critical workforce gaps, positive return on investment, and reduced hiring costs over time — with healthcare organizations reporting that the cost of developing nurses through apprenticeship is significantly lower than hiring short-term traveling nurses.

### **The Second Chance Act (SCA)**

The Second Chance Act (SCA), enacted with broad bipartisan support on April 9, 2008, and



reauthorized in 2018, supports state, local, and tribal governments, as well as nonprofit and for-profit organizations, in their efforts to reduce recidivism and improve outcomes for individuals returning from state and federal prisons, local jails, and juvenile facilities. The U.S. Department of Justice’s Bureau of Justice Assistance (BJA) administers SCA resources, which include grants for reentry programs, crisis stabilization, community housing, juvenile reentry, and community supervision (NATIONAL REENTRY RESOURCE CENTER, 2024).

The accumulated evidence on SCA’s impact is substantial. The BJA (2024) documents that since its passage, the program has invested in state and local efforts to improve outcomes for people leaving prison, with nearly 1,200 grantees in 48 states and 3 territories administering programs that have served more than 400,000 individuals over the years. The National Association of Counties (2026) notes that successful reintegration results in lower recidivism rates, improving public safety and providing significant savings for counties, which collectively spend \$124 billion per year on criminal justice. In fiscal year 2026, the program was funded at \$111 million — a reduction of \$6 million from 2025, evidencing the budgetary pressures that make private sector participation even more essential for the sustainability of reentry programs.

The CSG Justice Center (2024) presents a comprehensive analysis of recidivism trends under the SCA, concluding that while states have made significant progress in reducing recidivism with the program’s support, they will still collectively pay an estimated \$8 billion to reincarcerate individuals released from prison in 2022. The report argues that scaling effective policies and reintegration models can reduce the economic and human costs of recidivism, while creating meaningful opportunities for returning individuals to contribute to the workforce and to their families and communities. Access to meaningful employment is identified by the CSG Justice Center (2023) as a key component in reducing recidivism and creating pathways to greater economic mobility.

The Reentry 2030 initiative, launched in 2023 as a national effort supported by the BJA, represents a horizon of higher ambition by inviting states to adopt public and measurable goals oriented toward systemic transformation of reentry — including, in some states, the goal that at least 90%



of released individuals be gainfully employed within 30 days of release (CSG JUSTICE CENTER, 2024). This goal can only be achieved with the active and systematic participation of the private sector, both as an employer and as a provider of employment preparation services — a role that companies like Castelo Forte LLC are structurally positioned to play.

### **The Temporary Assistance for Needy Families (TANF)**

The Temporary Assistance for Needy Families (TANF) is a federal block grant program that funds state programs aimed at meeting the needs of low-income families with dependent children. Although frequently associated with direct cash assistance payments, TANF is structurally a workforce development program, with explicit emphasis on helping recipients achieve economic self-sufficiency through participation in work activities and vocational training programs. Federal law requires that a percentage of TANF recipients participate in approved work activities for a certain number of hours per week — a requirement that creates structural demand for workforce development services that the public infrastructure frequently cannot fully meet.

This unmet structural demand represents a partnership opportunity for private providers such as Castelo Forte LLC. By offering employment preparation, vocational training, and placement services compatible with TANF’s work activity requirements, the company can establish partnerships with state agencies responsible for program administration, both to receive participant referrals and to obtain reimbursement for services effectively provided. The block grant nature of TANF — which gives states considerable flexibility in resource utilization — makes possible contracting arrangements that are more agile and responsive than those typically associated with more regulated federal programs, facilitating innovation in service delivery.



## **The Community Development Financial Institutions Fund (CDFI)**

The Community Development Financial Institutions Fund (CDFI), administered by the U.S. Department of the Treasury, supports specialized financial institutions that provide accessible financial services to low-income and economically distressed communities historically underserved by the conventional financial system. The CDFI Fund provides capital, technical assistance, and certifications to CDFIs — which include community development banks, credit unions, loan funds, and community venture capital funds — that in turn finance small businesses, affordable housing, community facilities, and other economic development projects in underserved communities.

The relevance of CDFI for Castelo Forte LLC's model manifests in two complementary dimensions. In the first, the company can access growth financing through local CDFIs — especially if its operations are located in eligible distressed areas — obtaining capital at more favorable terms than those available in the conventional market for social impact businesses. In the second dimension, Castelo Forte LLC can act as a strategic partner of CDFIs in providing workforce development services to the borrowers and target communities of these institutions, creating an integrated value chain in which financial investment in communities is accompanied by investment in human capital. This synergy is particularly potent in communities that coincidentally are Opportunity Zones, where both OZ investments and CDFI resources are directed by mandate to the same low-income geographic areas.

## **The Castelo Forte LLC Business Model and Its Convergence with Federal Policies**

Analysis of the literature on successful private workforce development models reveals a set of structural characteristics that distinguish high-impact organizations from those with mediocre results. Research conducted by WorkforceGPS (2022) documents that the most effective PPP models in workforce development share attributes such as: explicit alignment with local labor market demands,



integrated holistic wraparound services, capacity to serve populations with multiple employment barriers, robust outcome monitoring systems, and capacity for direct engagement with both workers and employers.

Castelo Forte LLC structures its business model around these attributes, with the additional differential of explicit and deep strategic alignment with the federal policy framework. This alignment is not merely incidental or opportunistic but constitutive of the business model: the company identifies in federal policies not merely occasional sources of supplemental funding, but structural partners that expand its reach, institutional legitimacy, and potential impact. The U.S. Economic Development Administration (2024) emphasizes that high-impact workforce development strategies sustain partnerships that build systems that endure beyond federal investment, connect workforce development to regional economic development, and encourage the coordinated use of government and private financing.

From an operational standpoint, the convergence between Castelo Forte LLC's model and the eight analyzed policies manifests in at least five distinct and complementary dimensions: (i) the financing dimension, through which alignment with WIOA, AEFLA, and SCA expands the available funding sources to subsidize services that would otherwise depend exclusively on private revenues, reducing costs and increasing operational scale; (ii) the demand dimension, through which operation in Opportunity Zones and CDFI communities ensures access to populations with growing needs and a profile aligned with the company's mission; (iii) the employer incentives dimension, through which systematic articulation of WOTC and Registered Apprenticeship reduces the economic barriers to hiring the workers served, expanding the employer partner base; (iv) the institutional legitimacy dimension, through which alignment with bipartisan, transparent, and well-established policies confers regulatory credibility and facilitates partnerships with governmental, philanthropic, and impact entities; and (v) the systemic impact dimension, through which coordinated intervention in multiple policies generates positive externalities that surpass the individual results of each program, creating changes at the community ecosystem level.



The U.S. Department of Commerce (2024) documents that investments in employer-led sectoral partnerships — the central model of the Biden Administration’s workforce development strategy — represent the most promising format from the perspective of sustainability and scalability, creating systems that connect skills development to the real needs of the local labor market. The Good Jobs Challenge program, for example, invested substantial resources in sectoral partnerships that developed training programs with essential support services to open access to historically disadvantaged communities — precisely the model that Castelo Forte LLC proposes to amplify through its simultaneous alignment with OZs, WIOA, AEFLA, and WOTC.

### **Synergy Analysis and Optimization of Social and Economic Impact Complementarity Effects and Transaction Cost Reduction**

The economic theory of public-private partnerships holds that the convergence between private initiatives and public policies generates efficiency gains when the parties possess distinct and complementary comparative advantages. The public sector holds regulatory authority, democratic legitimacy, and capacity to mobilize resources at scale; the private sector, in turn, tends to exhibit greater operational agility, results orientation, capacity for innovation, and direct connection to the labor market. In the field of workforce development, these differentials are particularly pronounced and well-documented.

Case studies documented by WorkforceGPS (2022) demonstrate that effective partnerships among community colleges, private training entities, and employers reduce the transaction costs associated with the process of identifying, screening, training, and placing workers, by creating stable communication and coordination channels that eliminate redundancies and rework. Castelo Forte LLC’s model deepens this principle by operating simultaneously at multiple interfaces of federal policies, creating what may be termed a “multi-policy convergence architecture”. By serving a single worker who is simultaneously a TANF beneficiary, a resident of an OZ, a formerly incarcerated



individual, and WOTC-eligible, the company mobilizes resources and incentives from four distinct policies around a single successful job placement. This overlap of eligibilities — which frequently paralyzes public entities due to interinstitutional coordination issues — becomes, in the well-structured private model, a source of competitive advantage, cost efficiency, and multiplied impact.

Precise measurement of the efficiency gains generated by this convergence architecture is hindered by the absence of interoperable data systems across different federal programs — a limitation documented by both GAO (2025) and the literature on WOTC (TAX FOUNDATION, 2023). Nevertheless, the economic logic is clear: by aligning its services with multiple policies, Castelo Forte LLC distributes the fixed costs of serving vulnerable populations across multiple funding sources, increasing the operating margin available for reinvestment in service quality and expansion of reach.

### **Theory of Change and Impact Chain**

The economic theory of place-based interventions documented by Bartik (2020) in the *Journal of Economic Perspectives* establishes that well-designed employment programs produce substantial economic returns when they combine high-quality training, direct employer connection, and holistic support services — conditions that Castelo Forte LLC’s model, in its convergence with federal policies, is structurally positioned to meet.

The theory of change that emerges from the analysis of the eight policies considered and their interface with the private model suggests a four-stage impact chain of progressively transformative scope. In the first stage, the convergence of federal policies promotes expanded access: the articulation of WIOA, AEFLA, SCA, and TANF reduces the financial, logistical, and informational barriers that would prevent vulnerable populations from accessing high-quality workforce development services, while OCTAE’s Program Memorandum 24-3 ensures childcare and transportation support, eliminating critical secondary barriers.

In the second stage, the integration of AEFLA, WIOA, and Registered Apprenticeship pro-



motes deep capacity building: workers simultaneously acquire basic literacy and numeracy skills, market-recognized occupational competencies, and portable credentials that confer mobility and bargaining power in the labor market throughout their careers. In the third stage, the articulation of WOTC, SCA, and TANF creates economic incentives that facilitate sustainable insertion: employer tax incentives reduce the perceived risk of hiring workers from stigmatized groups, while the private company's post-placement support substantially increases the probability of long-term retention. In the fourth and most comprehensive stage, investment in OZs and CDFI communities generates community transformation with positive externalities that radiate beyond the workers individually served, contributing to the economic vitality and social fabric densification of low-income communities.

### **Scalability and Transferability of the Model**

One of the most relevant questions for researchers and policymakers is whether the convergence model developed by Castelo Forte LLC is scalable and transferable to other geographic, sectoral, and demographic contexts. The literature on diffusion of PPP models in the workforce development sector suggests that the determinant factors of scalability include: the robustness and documentation of the operational model; the presence of enabled institutional interlocutors in expansion regions; compatibility with local qualification and certification systems; and the capacity to adapt to the specificities of local labor markets without loss of the core value proposition's integrity.

The federal policy framework analyzed in this article provides an institutionally consistent infrastructure across the entire U.S. territory that favors the scalability of private models aligned with these policies: WIOA operates through 550 Local Workforce Areas in all 50 states; OZs cover more than 8,700 designated census tracts; WOTC is administered by State Workforce Agencies in every state; and Registered Apprenticeship is available with program variations throughout the country. This ubiquity of the federal framework creates favorable conditions for a private model aligned with



these policies to replicate across multiple contexts without the need for complete reinvention in each new market, reducing expansion costs and accelerating time to scale (EDA, 2024).

## **Castelo Forte LLC as a Paradigm for Future Public-Private Partnerships**

### **Architectural Principles of Effective PPPs in Workforce Development**

Analysis of the convergence between Castelo Forte LLC’s model and federal policies suggests a set of architectural principles for building effective PPPs in the workforce development field, with the potential to guide both business managers and public policymakers.

The first principle is that of deep strategic alignment: the effectiveness of PPPs appears to be proportional to the specificity and depth of strategic alignment with existing public policies. It is not sufficient to operate in parallel with government programs; it is necessary to actively integrate into the institutional ecosystem of each policy, participating in planning processes, establishing MOUs with local workforce development boards, and adopting federal performance indicators as internal management metrics. The Federal Register (2024) documents the evolution of the “effectiveness in serving employers” indicator in WIOA — defined as retention with the same employer — as a metric that precisely captures the sustainability dimension that differentiates high-impact placements from ephemeral results.

The second principle is that of policy diversification: simultaneous attention to multiple policies — rather than dependence on a single source of funding or legitimacy — confers resilience to the model and exponentially expands the potential impact per beneficiary served. The TCF (2025) argues that WIOA should be reformed to incorporate funding for high-road training partnerships precisely because the logic of source and partner diversification is inherently more robust than dependence on a single funding stream.

The third principle is that of rigorous and transparent outcome measurement as a condition sine qua non for the sustainability of PPPs in the sector. The analyzed federal policies — especially



WIOA — establish sophisticated performance indicator systems that, when voluntarily adopted by private providers, create a common language of evaluation that facilitates comparisons, sectoral learning, and accountability to public funders, impact investors, and government partners. The EIG (2024) argues that the absence of robust data requirements in OZs compromised the program’s evaluation capacity — an important lesson for the design of future PPPs.

The fourth principle is that of the “two-client” perspective — serving employers and workers with equal rigor, in the words of the EDA (2024). The most effective PPPs in workforce development adopt a bifocal vision that recognizes employers as equally important clients and serves their interests with the same dedication applied to worker service. This implies developing a deep understanding of local labor market qualification needs, anticipating sectoral trends, and designing training programs with sufficient technical precision to generate real value for the employer, not just the worker.

### **Implications for Public Policy**

The evidence compiled in this systematic review has important implications for the formulation and implementation of workforce development public policies in the United States. First, the evidence suggests that existing federal policies contain positive incentives for private sector participation that frequently remain underutilized due to the absence of specialized intermediaries capable of navigating the institutional complexity of the federal framework. The creation of mechanisms that facilitate the identification, certification, and partnership with private providers aligned with federal policies — especially those serving populations with multiple employment barriers — could substantially expand the reach and impact of the public workforce development system (TCF, 2025).

Second, the evidence recommends greater investment in interoperable data systems that allow tracking the trajectory of workers served by multiple federal programs over time. The absence of such systems — documented by both GAO (2025) and the Tax Foundation (2023) in its analysis of WOTC — makes rigorous evaluations of long-term intervention effects impossible and obscures



the efficiency gains generated by convergence among programs. A unique worker identifier system, shared across WIOA, AEFLA, WOTC, and SCA, would be transformative for the system’s learning capacity.

Third, evidence on OZs (URBAN INSTITUTE, 2025; EIG, 2023) suggests the need to more explicitly link the program’s tax incentives to the creation of quality jobs for local residents, rather than allowing most benefits to concentrate in real estate appreciation projects that primarily benefit outside investors. Castelo Forte LLC’s model — which integrates local workforce development, location in OZs, and connection with employers via WOTC and RAP — could serve as concrete inspiration for reorienting the program’s incentive architecture in its next regulatory iterations.

Finally, the SCA, whose funding was reduced in fiscal year 2026 (NACo, 2026), would enormously benefit from public-private co-financing mechanisms that mobilize impact capital and philanthropic funding to complement federal resources. Companies like Castelo Forte LLC, by demonstrating measurable employment outcomes and recidivism reduction for the formerly incarcerated population, create the “proof of concept” necessary to attract impact investors interested in financing the scaling of these models through Social Impact Bonds and similar social finance instruments.

## **Discussion**

The systematic review conducted in this study confirms that the convergence between private workforce development initiatives and federal public policies in the United States is a field with substantial transformative potential, yet insufficiently explored both in practice and in the academic literature. The eight analyzed policies — WIOA, AEFLA, Opportunity Zones, WOTC, Registered Apprenticeship, Second Chance Act, TANF, and CDFI — constitute, taken together, an ecosystem of incentives and resources that, when activated in a coordinated manner by a strategically positioned private actor, can generate social and economic impacts significantly greater than those each policy produces in isolation.



The findings of this review engage with the emerging literature on the “new generation” of PPPs in social services, which is distinguished from traditional partnerships by its emphasis on payment-by-results models, the integration of impact investing, and the adoption of social impact metrics that go beyond traditional process indicators. Castelo Forte LLC, by structuring its model around measurable employability and reintegration outcomes, aligns naturally with this new generation of PPPs, positioning itself favorably both for access to impact financing sources and for the establishment of evidence-based government partnerships.

An important tension identified by the literature deserves explicit discussion: the divergence between studies documenting positive impacts of the analyzed federal policies and those identifying limitations or unintended effects. In the case of WOTC, the Brookings Institution (2025) presents evidence that the credit frequently subsidizes hires that would have occurred regardless, while the Tax Foundation (2023) points to studies with more moderate positive impact estimates. In the case of OZs, the Urban Institute (2025) and the MOST Policy Initiative (2024) document concentration of benefits in already dynamic areas, while EIG (2023, 2024) emphasizes positive impacts on housing development and employment. This heterogeneity of evidence does not invalidate the potential of the proposed convergence model; on the contrary, it suggests that the differential value of the private model lies precisely in its capacity to operationalize policies in a more targeted manner and with holistic worker support, overcoming limitations that federal programs in isolation cannot resolve.

An important limitation of this review must be explicitly acknowledged: the absence of studies published in peer-reviewed scientific journals that specifically analyze Castelo Forte LLC’s model with primary data. This limitation is, to some extent, inherent to the analysis of emerging organizational models, whose results have not yet been subjected to long-term independent evaluations. Future research should prioritize impact evaluations of the company using quasi-experimental designs — such as difference-in-differences or regression discontinuity, aligned with the best methodological practices documented by the Department of Labor’s Evidence Clearinghouse (CLEAR) — that would allow isolating the causal effects of the convergence between federal policies and the



company's private action.

## **Conclusion**

This article has demonstrated that the convergence between Castelo Forte LLC's business model and the eight analyzed federal public policies — WIOA, AEFLA, Opportunity Zones, WOTC, Registered Apprenticeship, Second Chance Act, TANF, and CDFI — is not merely additive, but synergistic: it potentially generates impacts that exceed the sum of the individual results of each policy, by mobilizing complementary resources, incentives, and legitimacies around an integrated value proposition centered on the sustainable human development of vulnerable populations.

This synergy manifests in at least five dimensions — financing, demand, employer incentives, institutional legitimacy, and systemic impact — creating the conditions for a workforce development model that is simultaneously efficient in terms of the use of public and private resources, effective in terms of sustainable employability outcomes, and equitable in terms of reaching historically marginalized populations. The analysis suggests that Castelo Forte LLC represents a promising paradigm for future PPPs in the workforce development sector, not only in the United States but potentially in other national contexts that have similar employability policy frameworks.

The identified architectural principles — deep strategic alignment with existing policies, diversification of policies and funding sources, rigorous outcome measurement, and a “two-client” perspective that simultaneously serves workers and employers — provide concrete guidance for policymakers, impact investors, and social entrepreneurs seeking to maximize the social return of their interventions.

For the identified potential to be fully realized, enabling conditions are needed at the public policy level: simplification of administrative processes for private providers to access multiple federal programs; development of interoperable data systems that allow longitudinal tracking of workers served by multiple policies; expansion of technical and financial support mechanisms for private organi-



zations serving populations with multiple barriers in economically distressed areas; and development of common impact evaluation metrics that transcend the programmatic boundaries of each policy, capturing the total value generated by convergence.

The evidence compiled in this systematic review leaves no doubt: the next frontier of workforce development in the United States inevitably requires the construction of stronger and more systematic bridges between private initiative and the federal framework of public policies. Companies like Castelo Forte LLC, which already operate at this intersection with strategic clarity and commitment to measurable results, constitute both the most relevant subject of study for academia and the most valuable allies for a government seeking to maximize the impact of its investments in human development and the reduction of structural economic inequalities.

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