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Reskilling and Resilience

Based on BFI Working Paper No. 2025-99, "Reskilling and Resilience," by Anders Humlum, University of Chicago; and Pernille Plato, University of Copenhagen

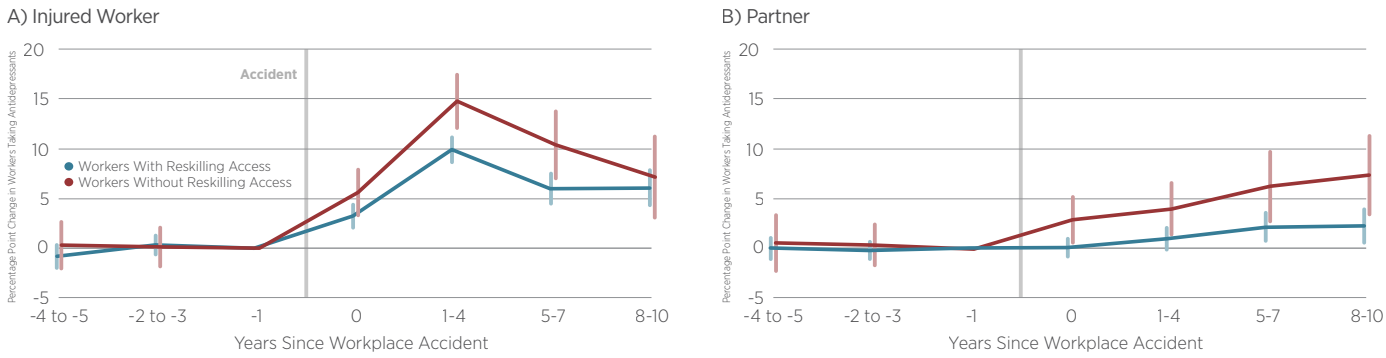
Effective reskilling programs prevent one case of depression for every three injured workers who participate, with equally large mental health benefits extending to their partners, while generating $3.20 in additional returns for every dollar invested beyond direct labor market gains.

Workplace shocks often trigger a cascade of psychological and relationship effects that extend far beyond the individual worker. While research shows that effective reskilling can restore employment prospects, can it also protect the psychological wellbeing of entire households? In this paper, the authors examine how reskilling impacts workers' mental health and partner outcomes.

The authors analyze comprehensive Danish register data linking work accidents, education records, labor market outcomes, healthcare utilization, and family relationships from 1995 to 2017. Their analysis focuses on 4,008 male craft workers who worked fulltime for at least three years before suffering a physical accident that reduced their earnings capacity by an average of 35%. The authors compare workers with and without access to higher education based on their pre-injury vocational specializations, and find the following:

- Reskilling substantially reduces the mental burden of injury. While 10-15% of injured workers end up on antidepressants despite suffering only physical injuries, reskilling

Figure 1 • Reskilling Prevents Depression for Both Workers and Partners



Note: This figure shows how workplace accidents affect mental health for both injured workers and their partners, comparing those with access to reskilling programs versus those without. The vertical line marks the timing of workplace accidents. The vertical bars represent 90% confidence intervals.

prevents one case of depression for every three participants. The mental health benefits are greatest while workers are still in school—before any income gains materialize—suggesting that current engagement or improved prospects play a key role in supporting well-being.

- Partners experience equally large mental health benefits from workers' reskilling opportunities. About 7% of partners begin taking antidepressants following their partner's work accident. Remarkably, reskilling access prevents one case of partner depression for every three workers reskilled, with these effects growing stronger over time.
- Reskilling's mental health benefits extend to a range of "diseases of despair," including indicators of alcoholism and opioid abuse. Workers without reskilling access are 5 percentage points more likely to continue using opioids long-term and experience higher rates of alcohol-related diagnoses. However, reskilling does not reduce "deaths of despair," largely because the work accidents studied do not increase mortality in the first place.
- Without reskilling access, partners remain loyal but suffer economically and psychologically. Partners of injured workers without reskilling opportunities experience a 5-percentage point decline in labor market attachment yet are 5 percentage points more likely to remain in the relationship, suggesting they become trapped in burdensome caregiving roles.
- Reskilling enables healthier relationship dynamics by reducing partner burdens. When injured workers can reskill, separation rates increase by 3 percentage points while partner employment and mental health remain stable, suggesting reskilling frees both partners from otherwise difficult situations.
- The authors' cost-benefit analysis reveals that mental health and partner spillovers add $224,000 in benefits per reskilled worker, equivalent to $3.20 in return for every dollar invested. Together, the mental health and partner benefits add 83% to the direct labor earnings gains from reskilling, fundamentally changing the economic case for workforce retraining programs by demonstrating that the full value extends well beyond the worker's own employment outcomes.

For policymakers designing workforce development programs, these results highlight the importance of considering family-wide impacts when evaluating interventions. Reskilling emerges as a powerful tool for addressing not just unemployment and disability dependence, but also the broader "diseases of despair" that accompany economic disruption. As many advanced economies grapple with rising social disparities and persistent non-employment, effective reskilling programs offer a comprehensive defense against the psychological and social costs of career setbacks—protecting vulnerable workers while preserving the wellbeing of their families.

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