Phasing Out an Early Childhood Teacher Pay Incentive Program: Understanding the Experiences of Child Care Teachers and Leaders

Kennedy Weisner, Molly Michie, Emma Mills & Daphna Bassok

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Summary

- In recent years many states implemented short-term financial incentives to support early educators' wellbeing and promote teacher retention.
- Virginia's RecognizeB5 (RB5) incentive program is a national exemplar. Our randomized control trial demonstrated that RB5 cut child care teacher turnover in half.
- Because of the strong evidence on its impact, Virginia increased RB5 funding in subsequent years. However, the end of COVID-19 relief funding led the state to reduce RB5 payments in 2024-2025 and discontinue the program in 2025-2026.
- This brief provides findings from two statewide surveys of teachers and child care program leaders as the incentive program was phased out.
- Most teachers reported that reducing RB5 payments or ending the program would impact their ability to meet their financial needs, their stress levels, and their decision to continue working at their site.
- Leaders shared concerns that phasing out RB5 was negatively impacting teacher morale, financial wellbeing, and retention.

Many states used COVID-19 relief dollars to introduce or expand incentive-based payment programs to support the early childhood workforce and reduce turnover. When relief funding ended, many states scaled back or eliminated those programs.[1] Teacher pay incentive programs were motivated by persistently low wages and high turnover among early childhood educators. These conditions are difficult for teachers, create staffing challenges for providers, and impact families' access to stable care. Further, teacher turnover undermines children's ability to form strong relationships with their caregivers and negatively impacts their learning and development.[2]

Virginia's RecognizeB5 (RB5) program offered financial bonuses to early educators in child care centers and family day homes through a partnership between the Virginia Department of Education (VDOE), the Virginia Early Childhood Foundation (VECF), and the University of Virginia (UVA). RB5 pre-dated the pandemic, but it was expanded with pandemic-era funding. However, starting in 2024 it was reduced and ultimately discontinued due to fiscal constraints.

A study of RB5 provided some of the strongest evidence to date about the effect of financial incentives on child care teacher retention. This report summarizes findings from two large-scale surveys of child care teachers and leaders. It explores how RB5 influenced teacher morale, financial stability, and decisions to remain in the workforce during a period of policy uncertainty. It also describes reactions to the program being phased out, providing some of the only available evidence on the ways in which the end of incentive programs can impact early educators.

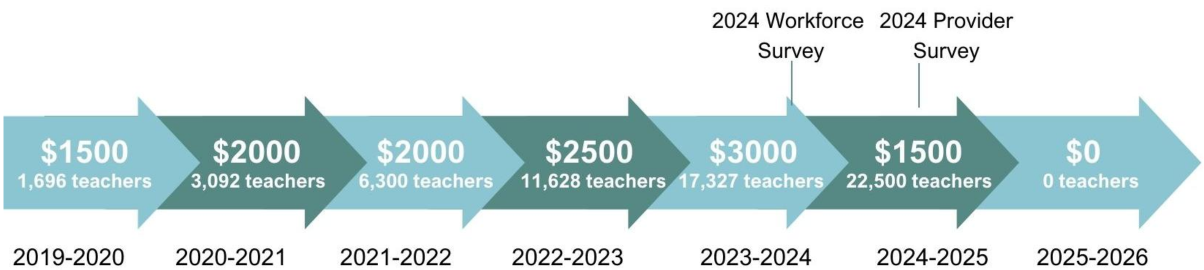
About RB5, Our Survey Data, and Teachers Participating in RB5

In 2019, Virginia received a federal Preschool Development Birth through Five (PDG B-5) grant and used a considerable portion of these funds to provide early educators with financial incentives for continuing to work at their site. The primary goals of RB5 were to recognize early educators' work and dedication, support their financial stability, and reduce turnover, ultimately enhancing young children's experiences in early childhood settings across the state. Teachers could spend the incentive money however they chose.

RB5 was initially offered to early educators working at sites who opted to participate in the practice years of Virginia's new quality measurement and improvement system (VQB5). A randomized control trial in the pilot year of the RB5 program found that when child care teachers received a $1,500 incentive payment for continuing to work at their site over an eight-month period, turnover rates were cut in half.[3] Based on these findings, in subsequent years of RB5, Virginia increased the incentive payment amount – up to a maximum of $3,000 in the 2023-2024 program year – and expanded the program to include all publicly funded child care teachers across the state as participation in VQB5 became mandatory in 2023. Figure 1 shows how the RB5 incentive evolved over time.

Since 2020, RB5 had been largely supported by federal COVID-19 recovery funds, but these funds expired in September 2024. The Virginia General Assembly invested $20 million for the 2024-2025 program year – enough to fund RB5 for another year – but the incentive amount per teacher was reduced to $1,500. Due to a lack of sustained funding, the RB5 program could not continue beyond the 2024-2025 program year.[4]

Figure 1. RecognizeB5 over time



Note: Dollar amounts represent the maximum amount a teacher could earn during the RB5 program year. The number of teachers shown here is the total number eligible for receiving RB5 payments at the beginning of the program year.

Our team has regularly surveyed child care teachers and leaders in Virginia, and in prior reports we have summarized teachers' and leaders' enthusiasm for RB5.[5] This report focuses on findings from our two most recent early educator surveys. One survey was administered around the time that RB5 funding cuts were first announced (spring 2024), and the second took place when the incentive amounts had been cut in half and it was becoming clear the program would end (fall 2024).

The first survey, the **2024 Virginia Early Childhood Care and Education (ECCE) Workforce Survey**, was sent to all teachers and leaders at sites participating in the Unified Virginia Quality Birth to Five System (VQB5), Virginia's quality measurement and improvement system for publicly funded programs,[6] between March and June 2024.[7] Over 16,000 teachers and leaders across the Commonwealth completed the survey. This included 60% of the over 16,000 teachers participating in RB5 and 39% of leaders at over 1,500 sites participating in RB5 in the 2023-2024 program year.

The second survey, the **2024 Virginia Child Care Provider Survey**, was sent to leaders at all licensed or registered child care centers and family day homes (FDH) throughout Virginia between October 2024 and February 2025.[8] More than 1,000 leaders at subsidized child care sites (who may have had teachers eligible to participate in RB5) completed the survey, a response rate of 45%.

Teachers' Experiences with RB5

Table 1 displays demographic information for teachers participating in RB5 who completed the Workforce Survey in spring 2024. Most teachers participating in RB5 were working in center-based settings (93%), but RB5 also included family day home owners and staff, and we categorize those educators as teachers for this report. A little more than a third of teachers were White, non-Hispanic (38%), and a third were Black, non-Hispanic (33%). Teachers reported an average hourly wage of $16.81 and an average annual salary of about $35,000. About a third of teachers (31%) reported that they have another job in addition to their role as a child care teacher. Only about a third of teachers (36%) had an associate degree or higher. Teachers reported they had been working in early education for an average of nine years, including an average of about four years at their current site. More than half of teachers (56%) were experiencing food insecurity and about a third (31%) reported symptoms of clinical depression. More than a quarter of teachers (28%) indicated that they worry they will run out of money before being paid again.

Table 1. Demographic characteristics of RB5 participants who completed the 2024 Virginia ECCE Workforce Survey

Sector	
Center	93%
Family Day Home	7%
Role	
Center lead teacher	58%
Center assistant teacher, co-teacher, floater, or other role	34%
FDH owner, director, or leader	5%
FDH employee, teacher, assistant teacher, or other role	3%
Race/Ethnicity	
Black, non-Hispanic	33%
Hispanic	18%
Multiracial or other	11%
White, non-Hispanic	38%
Wage/Salary	
Average hourly wage	$16.81
Average annual salary	$35,163
Work for pay in addition to position at site	31%
Educational attainment	
High school diploma or less	34%
Some college	30%
Associate's degree	14%
Bachelor's degree or higher	22%
ECCE experience	
Average years of experience in ECCE	9
Average years of experience at current site	4
Has been working at current site for one year or less	46%
Financial security and wellbeing	
Food insecure[1]	56%
Clinically relevant depression symptoms[2]	32%
Experienced *most or all of the time* in the past three months:	
Bills past due	10%
Used credit cards hoping to have money later	14%
Worry will run out of money before next paycheck	28%
Unable to sleep because of financial worries	12%

Notes: Based on responses from 7,449-9,414 educators participating in RecognizeB5 who completed the 2024 Virginia ECCE Workforce Survey.

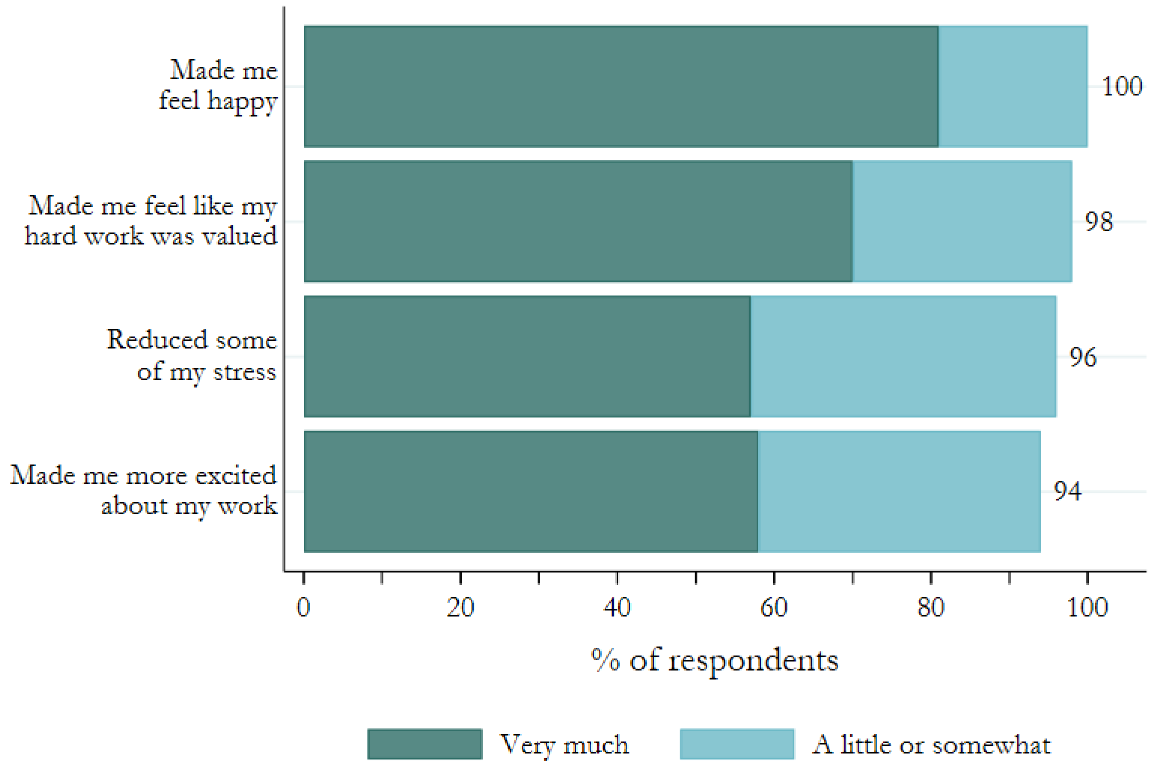
[1] A participant is categorized as food insecure if they indicated *sometimes* or *often* to at least 1 food insecurity screener question. These questions included their worry about food running out before they have money to get more, if the food they bought didn't last until they had money to get more, and if they could afford balanced meals.

[2] A participant is categorized as experiencing clinically relevant symptoms of depression using the Center for Epidemiological Studies Depression Scale (CES-D-7), a widely used measure that asks participants to indicate how often they experienced various depressive symptoms in the past week, including feeling sad, poor appetite, and trouble focusing.

Increasing Teachers' Feelings of Value

Teachers who participated in RB5 reported overwhelmingly positive views of the program. As shown in Figure 2, nearly all teachers reported that receiving RB5 payments made them feel happy (100%), made them feel like their work was valued (98%), reduced their stress (96%), and made them more excited about their work (94%).

Figure 2. Teachers' perceptions of the RecognizeB5 Program: *Overall, receiving the payments through the RecognizeB5 Program...*

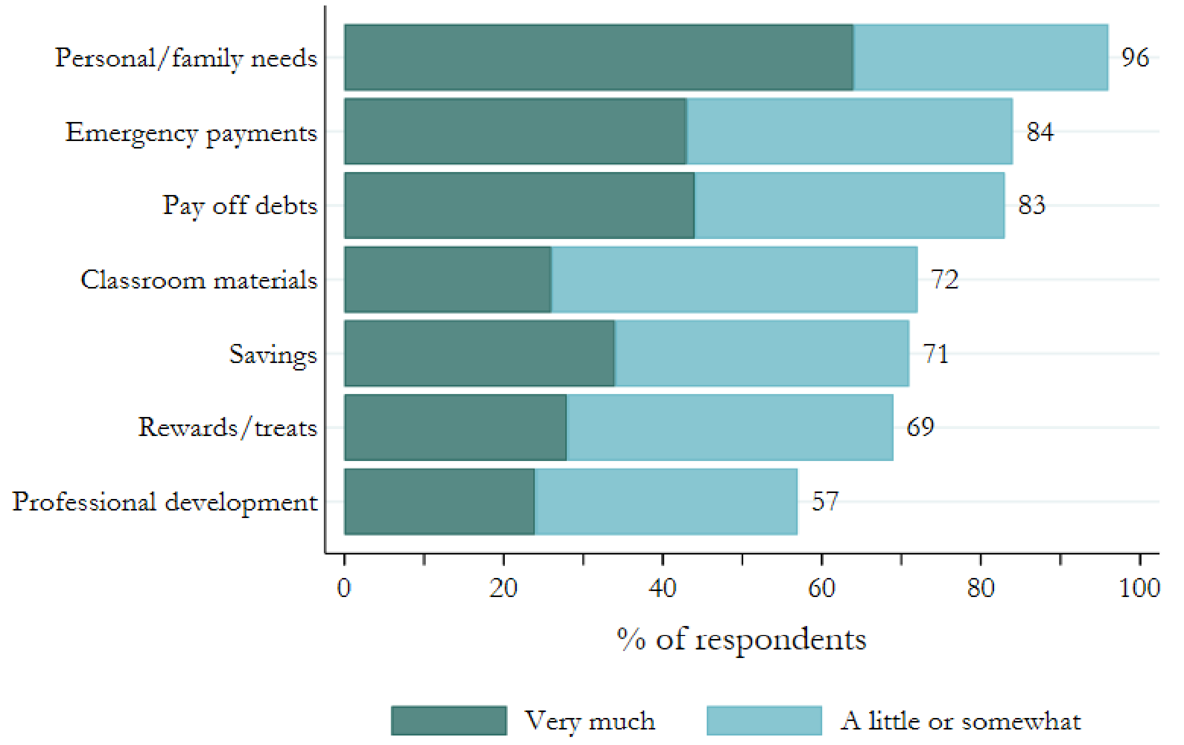


Note: Based on responses from 7,382 to 7,563 teachers participating in RecognizeB5 who completed the 2024 Virginia ECCE Workforce Survey.

Improving Teachers' Financial Stability

Nearly all teachers (98%) also reported that RB5 helped them meet their financial needs. In the survey, teachers were asked what kinds of expenses the RB5 incentive helped them afford. As shown in Figure 3, nearly all teachers (96%) indicated that RB5 payments helped them pay for personal and family needs, like housing, food, and bills. A large majority of teachers also used the money to help cover the cost of emergencies (84%) and to pay off debts (83%).

Figure 3. Teachers' reports of the financial impact of the RecognizeB5 Program: *The payments helped with the following expenses…*



Note: Based on responses from 6,148 to 7,331 teachers participating in RecognizeB5 who completed the 2024 Virginia ECCE Workforce Survey.

In write-in comments, teachers shared the financial impact of RB5. One teacher wrote, "RecognizeB5 has given me the financial stability I need to support my family. I am able to pay my bills and put food on the table, and I don't have to worry about going into debt. This has allowed me to focus on my job and provide the best possible care for my students." Another teacher shared, "The money helped us pay our bills when my fiancée was let go of work in January. If it wasn't for [RB5], we would've lost our housing."

Improving Teacher Satisfaction and Retention

Among teachers who were eligible for RB5 during the 2023-2024 program year, 80% remained at their site for the 7-month period required to get the full incentive. We cannot test whether this share would have been lower in the absence of RB5. However, nearly half of teachers (46%) indicated that they stayed at their site longer than they otherwise would have because of RB5. One teacher wrote, "If it wasn't for [RB5], I would have quit a long time ago. They are the only people that made me feel valued in the classroom."

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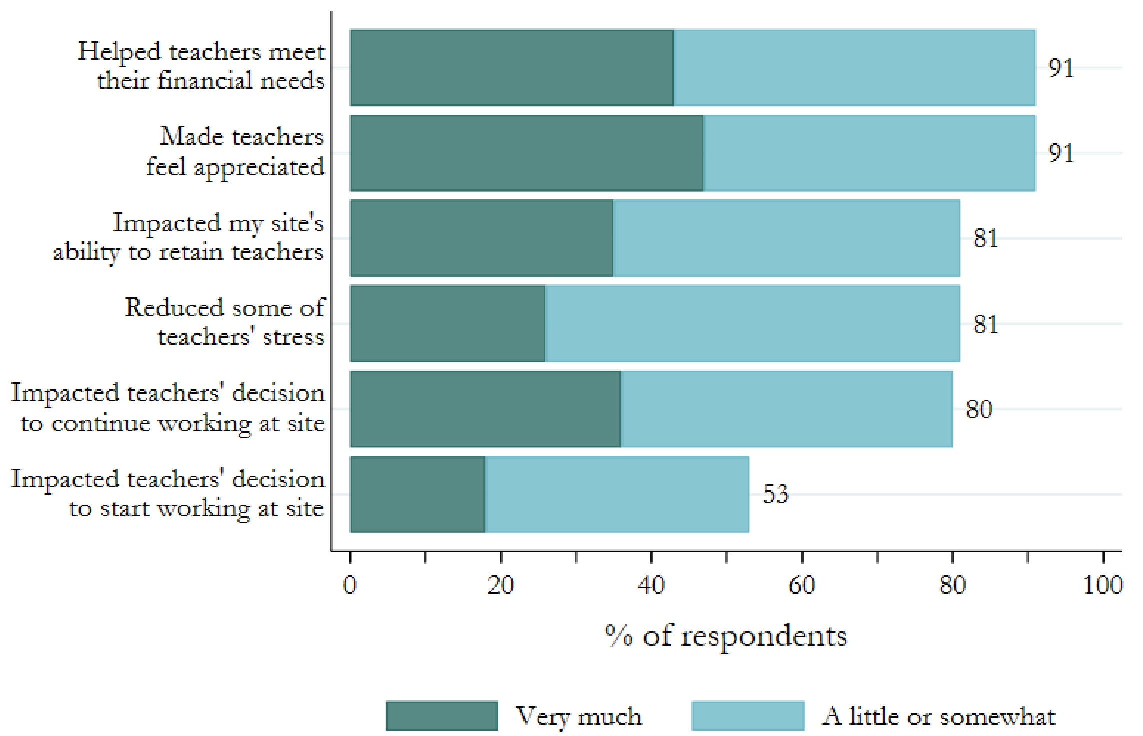
Another teacher shared, "[RB5] helps make up for the fact that child care providers don't get paid as much as I believe we are worth. It makes it so I can stay in the field I love."

Leaders and Their Experiences with RB5

In the 2024 Workforce Survey, leaders at child care centers participating in RB5 were asked about the impact of RB5 on teachers and staffing. As shown in Figure 4, the majority of leaders reported that RB5 helped teachers meet their financial needs (91%), made teachers feel appreciated (91%), and reduced teachers' stress (81%). Beyond the benefits for teachers' wellbeing, site leaders also reported that RB5 positively impacted their ability to retain teachers (81%) and encouraged teachers to continue working at their site (80%). About half of leaders (53%) also reported that RB5 led teachers to start working at their center, suggesting that RB5 may have been useful for recruiting and hiring teachers.

Figure 4. Leaders' perceptions of the RecognizeB5 Program: *Overall, receiving the payments through the RecognizeB5 Program…*



Note: Based on responses from 746 to 858 leaders at sites participating in RecognizeB5 who completed the 2024 Virginia ECCE Workforce Survey.

In write-in comments, leaders elaborated on the positive impacts that RB5 had on the wellbeing of their teachers. One leader shared, “I feel like the payments have definitely increased morale amongst the staff. It’s always nice when there are financial benefits to help with everyday living or to help with savings.” Another leader stated, “I know that our teachers appreciate the bonuses to help with their own financial needs/responsibilities. I appreciate having teachers who are less stressed because those payments remove some burdens they may have.”

Leaders also shared how RB5 was an important way to show teachers they are appreciated. One leader wrote, “Because we are not able to pay our teachers what they are truly worth due to budget restrictions, having the RecognizeB5 payments available to teachers working in the classrooms has been a wonderful way to recognize the hard work they truly do.” Another underscored, “It has given the teachers a sense of appreciation because although I’d love to compensate them [more], I honestly can’t afford to.”

Leaders’ comments also touched on the positive impact of RB5 on teacher retention at their centers. One leader shared, “Teachers are motivated to stay and continue working full-time and are less stressed about paying their bills. It has helped to stabilize our staffing situation and turnover rate.” Another shared, “I have teachers that did not leave our building because of the incentive payments. It gives teachers motivation and something to look forward to. They all love it and feel so appreciated and valued.”

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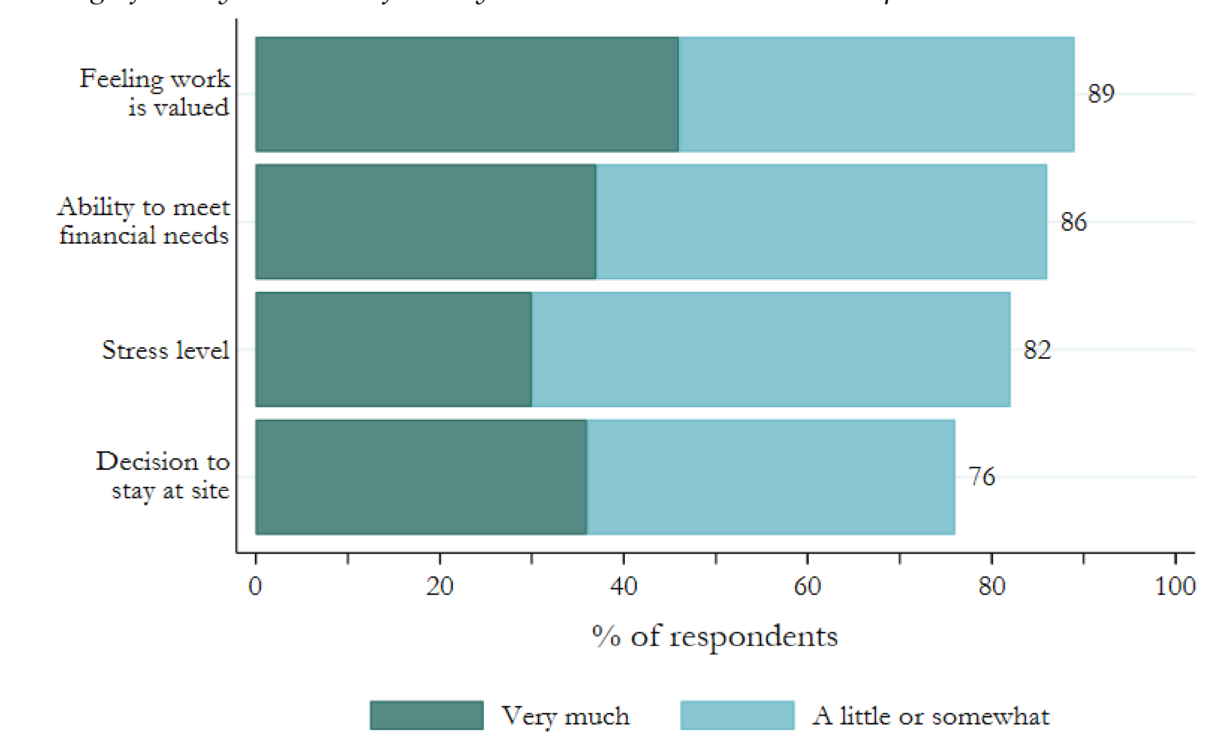
Teacher & Leader Predictions about the Impact of Future Reductions to the RB5 Program

In the Workforce Survey, teachers were asked how planned reductions to the RB5 incentive amount in 2024-2025 (from $3,000 to $1,500) – and a potential end to the program in 2025-2026 – might impact them. As shown in Figure 5, most teachers reported that receiving a smaller incentive or no incentive at all would have a negative impact on how valued they feel (89%), their ability to meet their financial needs (86%), and their stress levels (82%). Three-quarters of teachers (76%) also indicated that reducing the RB5 payment amount and/or eliminating the program would negatively impact their decision to continue working at their site.

Figure 5. Teachers' perceptions of the RecognizeB5 Program: *If the RecognizeB5 payment amount were significantly reduced in future years, how much would that impact...*



Note: Based on responses from 7,050 to 7,328 teachers participating in RecognizeB5 who completed the 2024 Virginia ECCE Workforce Survey.

In the Workforce Survey, leaders at child care centers also reported that reducing or eliminating the RB5 program would have negative impacts. As shown in Figure 6, 91% of leaders reported that if payments were reduced, it would impact their site at least *a little*, with over half (58%) indicating it would impact their site *very much*. Most leaders (89%) also reported that fully eliminating the RB5 program would impact their site at least *a little*, with two-thirds (64%) indicating that it would impact their site *very much*. In a write-in comment, one leader explained, "RecognizeB5 is a large factor for staff retention. Without the additional stipend, I know we would lose many teachers."

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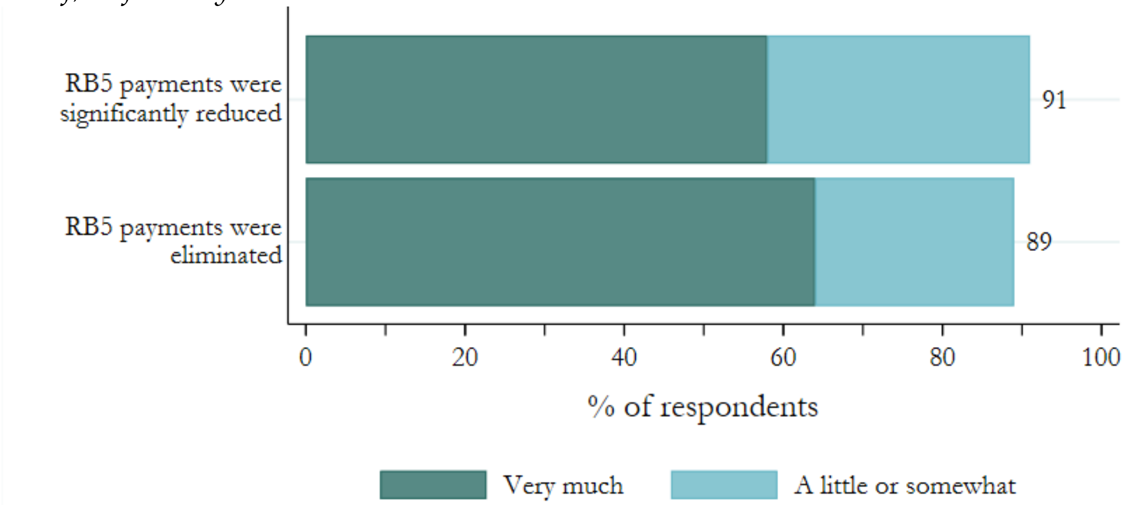
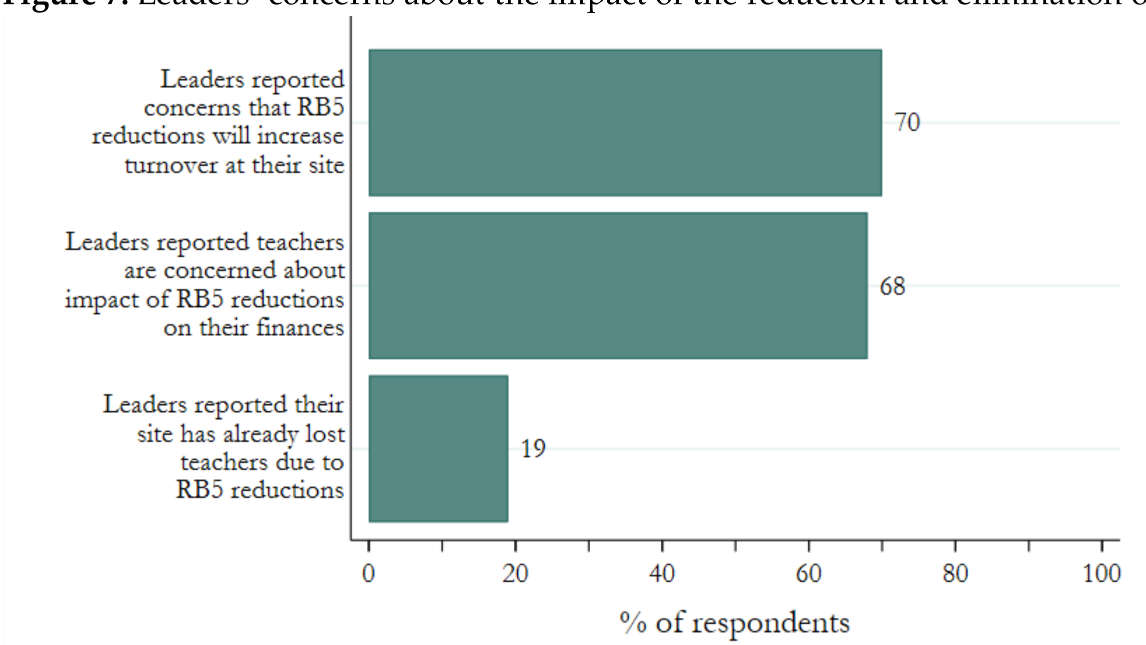
Figure 6. Leaders' reports of RB5 reductions and/or elimination: *How much would it impact your site if, in future years…*



Note: Based on responses from 787 to 795 leaders at sites participating in RecognizeB5 who completed the 2024 Virginia ECCE Workforce Survey.

While the first survey captured what teachers and leaders thought might happen as a result of cuts to RB5, the subsequent Provider Survey was administered to site leaders in fall 2024 after the reduced incentive amounts went into effect for the 2024-2025 program year. As shown in Figure 7, more than two-thirds (68%) of leaders reported that teachers at their sites were concerned about reduced payment amounts. Further, 70% of leaders reported that they were concerned that reductions in RB5 payment amounts will increase turnover at their sites. In fact, about a fifth of leaders (19%) indicated that teachers had already left their sites due to RB5 payment reductions.

Figure 7. Leaders' concerns about the impact of the reduction and elimination of RB5



Note: Based on responses from 630 to 635 leaders at subsidized child care sites who completed the 2024 Virginia Child Care Provider Survey.

In write-in comments, leaders elaborated on these concerns. One leader shared, "It is difficult to retain qualified staff. [RB5] was a great incentive. The grant did not subsidize what my staff should be paid, but it was a useful bonus. I'm worried about being able to keep staff and not being able to afford to pay them comparable wages and offer no incentives."

Another leader wrote, "Our teachers felt more appreciated when they were receiving the [RB5] payments. Many of them have expressed their concern about the drastic drop in amount and the fact that there will no longer be payments next year. As a director, I want my staff to feel as if they are appreciated and seen by others. I hope that something can be put into place to help reimburse our teachers and give them the incentive to stay employed here."

Policy Implications

The survey findings reported here, coupled with findings from our experimental study, show that retention incentives can be a powerful tool for reducing early educator turnover, which can in turn improve children and families' access to stable care. This reinforces a growing consensus that compensation plays a central role in workforce stability and that short-term or emergency funding can be effective when strategically targeted.[9] In Virginia, RB5 funds provided meaningful relief to educators during a uniquely difficult moment. This money allowed the state to innovate and simultaneously generate novel, experimental evidence about the impact of financial incentive programs for early childhood educators.[10]

At the same time, the eventual withdrawal of short-term supports like RB5 can be challenging and distressing for early educators. While we do not have causal evidence of the impact of the end of RB5 funding on teachers' financial wellbeing or turnover rates, the survey responses presented in this report suggest that many early educators and sites may have experienced negative effects. These findings underscore that while short-term investments can be extremely powerful – both for the educators who receive them and for the policymakers and researchers who learn from them – these efforts cannot be a substitute for sustained investments in the early childhood workforce.

Several states and localities are exploring more durable approaches to supporting the early childhood workforce, including substantial long-term public investments and funding models that are tied to the cost of providing quality care.[11] For example, Minnesota expanded upon previous efforts to support the early childhood educator workforce, codifying the Great Start Compensation Support Payment Program into law in 2023.[12] This program sends monthly payments to center- and home-based providers to increase teachers' compensation. Similarly, the District of Columbia's Pay Equity Fund uses money from a local wealth tax to provide programs with quarterly payments to help them pay teachers competitive wages. In order to be eligible, programs must agree to pay teachers a salary that is equal to that offered by local public schools.[13]

In Virginia, policymakers have shifted their attention from RB5, which was viewed as a temporary program, to more stable supports for the workforce. Over the last several years, the state legislature has repeatedly signaled its commitment to supporting early childhood educators and families with young children, significantly increasing funding for child care. Virginia recently implemented new cost estimation models for both its Child Care Subsidy Program and Mixed Delivery Program, the third state to do so with its federal Child Care and Development Fund resources. The new models aim to better align reimbursement rates with the true cost of care, including accounting for the cost of adequate teacher compensation.[14] Even more recently, the governor's proposed budget for 2026 included additional funding that would allow the state to serve a greater number of children through the Child Care Subsidy Program (CCSP), including nearly all families with young children (age birth to five) who are currently on the subsidy waitlist.[15]

Adequately compensating educators is necessary to better support all early educators in Virginia, increase families' access to high-quality and consistent care, and improve the stability of children's early experiences. These resources and more are needed to ensure that the needs of educators, providers, families, and children are met.

ENDNOTES

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[8] The 2024 Virginia Child Care Provider Survey was administered by the Study of Early Education through Partnerships at the University of Virginia (UVA) in partnership with the Virginia Department of Education (VDOE) and the Virginia Early Childhood Foundation (VECF). Participants were invited via mail and email, and they could take the survey online or on paper. All respondents received a $30 gift card for their participation.

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