

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL 227  
Education/Higher Education Committee Substitute Adopted 4/3/19  
Third Edition Engrossed 4/9/19  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S227-PCS15359-BEa-25

Short Title: TP3/Principal Fellows Consolidation.

(Public)

Sponsors:

Referred to:

March 13, 2019

A BILL TO BE ENTITLED

AN ACT TO MAINTAIN ADMINISTRATION FOR CURRENT GRANT RECIPIENTS OF  
THE EXISTING TRANSFORMING PRINCIPAL PREP PROGRAM AND PHASE IN  
ADMINISTRATION BY THE NEW PRINCIPAL FELLOWS AND TP3 COMMISSION.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Effective June 30, 2019, subsections (a) through (d) of Section 2 of  
S.L. 2018-145 are repealed.

**SECTION 1.(b)** Section 2(f) of S.L. 2018-145 reads as rewritten:

"**SECTION 2.(f)** Notwithstanding any provision of Part 4 of Article 23 of Chapter 116 of  
the General Statutes to the contrary, the nonprofit corporation contracting with the State  
Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,  
shall not enter into or execute any new contracts, including the award of any new grants,  
associated with grants or award a grant renewal for the Transforming Principal Preparation Grant  
Program on or after the date this act becomes law."

**SECTION 1.(c)** Section 2(g) of S.L. 2018-145 reads as rewritten:

"**SECTION 2.(g)** As soon as practicable, but no later than June 30, 2019, For grantees  
selected for grants prior to January 1, 2019, through the Transforming Principal Preparation  
Grant Program under G.S. 116-209.73, the nonprofit corporation contracting with the State  
Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,  
G.S. 116-209.71 shall transfer to the North Carolina Principal Fellows and TP3 Commission (i)  
by June 30, 2020, all of the data in its possession that was collected from grant recipients with  
the term of the grant ending prior to July 1, 2020, in accordance with G.S. 116-209.73, including  
any data collected during the 2018-2019-2019-2020 fiscal year-year and (ii) by June 30, 2021, all  
of the data in its possession that was collected from grant recipients with the term of the grant  
ending prior to July 1, 2021, in accordance with G.S. 116-209.73, including any data collected  
during the 2020-2021 fiscal year."

**SECTION 1.(d)** Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5 of  
S.L. 2017-57 and as amended by Section 10A.4 of S.L. 2018-5, reads as rewritten:

"**SECTION 11.9.(o)** Beginning with For the 2017-2018-2017-2018, 2018-2019, and  
2019-2020 fiscal year-years, of the funds appropriated for this program, the sum of four million  
two hundred thousand dollars (\$4,200,000) shall be allocated each fiscal year to the State  
Education Assistance Authority (Authority) to award grants to selected recipients-recipients  
selected prior to January 1, 2019, pursuant to G.S. 116-209.73."



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1 For the 2020-2021 fiscal year, of the funds appropriated for this program, the sum of two  
 2 million five hundred fifteen thousand ninety-eight dollars (\$2,515,098) shall be allocated to the  
 3 Authority to award grants to recipients selected prior to January 1, 2019, pursuant to  
 4 G.S. 116-209.73."

5 SECTION 1.(e) G.S. 116-209.70 reads as rewritten:

6 "~~§ 116-209.70. Purpose and definitions.~~**Purpose, definitions, and applicability.**

7 (a) Purpose. – The purpose of this Part is to establish the Transforming Principal  
 8 Preparation Grant Program as a competitive grant program for eligible entities to elevate  
 9 educators in North Carolina public schools by transforming the preparation of principals across  
 10 the ~~State.~~State and providing for forgivable scholarship loans to participants of those school  
 11 leader preparation programs. The Authority shall administer this Program through a cooperative  
 12 agreement with a private, nonprofit corporation to provide funds for the preparation and support  
 13 of highly effective future school principals in North Carolina.

14 (a1) Administration of Forgivable Scholarship Loans. – Upon the grant recipients'  
 15 selection of the program participants for the school leader preparation programs, the grantee shall  
 16 transfer the names of the program participants to the Authority. The Authority shall perform all  
 17 of the administrative functions necessary to implement the forgivable scholarship loans to the  
 18 school leader preparation program participants, which functions shall include rule making,  
 19 disseminating information, acting as a liaison with participating eligible entities, implementing  
 20 forgivable loan agreements in the form of promissory notes, monitoring loan repayment through  
 21 service and cash, and performing all other functions necessary for the execution, payment, and  
 22 enforcement of promissory notes required under this Part.

23 (b) Definitions. – For the purposes of this Part, the following definitions apply:

24 ...

25 (5a) Public school. – An elementary or secondary school located in North Carolina  
 26 that is operated by a local board of education, charter school board of  
 27 directors, regional school board of directors, chancellor for a University of  
 28 North Carolina laboratory school, an innovative school operator, or the United  
 29 States government.

30 ...

31 (c) Applicability of Part. – The provisions of this Part shall only apply to the  
 32 administration of the Transforming Principal Preparation Grant Program for grant recipients  
 33 selected for the award of grants prior to January 1, 2019."

34 SECTION 1.(f) G.S. 116-209.73(c) reads as rewritten:

35 "(c) Duration of Grants. – The nonprofit corporation shall also recommend to the  
 36 Authority the duration and renewal of grants to eligible entities according to the following:

37 (1) The duration of grants shall be as follows:

38 a. ~~Grants shall be no more than five years in duration.~~

39 b. ~~The nonprofit corporation may recommend renewal of a grant based~~  
 40 ~~on performance, including allowing the grantee to scale up or replicate~~  
 41 ~~the successful program as provided in subdivision (2) of this~~  
 42 ~~subsection.~~

43 (1a) The following conditions shall apply during the grant period:

44 e.a. The nonprofit shall develop a process with the Authority for early  
 45 retrieval of grant funds from grant recipients due to noncompliance  
 46 with grant terms, including participation in third-party evaluation  
 47 activities.

48 b. Grantees shall develop ~~and enforce~~ requirements for program  
 49 graduates to serve ~~a minimum of four years~~ as school-based  
 50 administrators in public schools located in North Carolina.  
 51 ~~Requirements are subject to the approval of~~ Grantees shall facilitate

1 the execution of promissory notes between the Authority and program  
 2 participants containing the terms for forgivable scholarship loans,  
 3 including requirements for forgiveness or repayment, consistent with  
 4 requirements approved by the nonprofit corporation and  
 5 the provisions of G.S. 116-209.76.

6 (2) ~~In evaluating performance for purposes of grant renewal and making~~  
 7 ~~recommendations to the Authority, the nonprofit corporation shall consider at~~  
 8 ~~least the following:~~

9 a. ~~For all grantees, the primary consideration in renewing grants shall be~~  
 10 ~~the extent to which program participants improved student~~  
 11 ~~achievement in eligible schools.~~

12 b. ~~Other criteria from data received in the annual report in subsection (d)~~  
 13 ~~of this section may include the following:~~

14 1. ~~The percentage of program completers who are placed as~~  
 15 ~~school leaders in this State within three years of receiving a~~  
 16 ~~grant.~~

17 2. ~~The percentage of program completers who are rated proficient~~  
 18 ~~or above on the North Carolina School Executive Evaluation~~  
 19 ~~Rubric."~~

20 **SECTION 1.(g)** Part 4 of Article 23 of Chapter 116 of the General Statutes is  
 21 amended by adding new sections to read:

22 **"§ 116-209.75. Funds for administration.**

23 Notwithstanding any other provision of law, for the 2019-2020 and 2020-2021 fiscal years,  
 24 the Authority may use up to one hundred thirty thousand dollars (\$130,000) each fiscal year from  
 25 the total funds appropriated in a fiscal year for the Transforming Principal Preparation Grant  
 26 Program for its administrative costs.

27 **"§ 116-209.76. Terms of forgivable scholarship loans.**

28 (a) Notes. – A program participant shall be eligible for a forgivable scholarship loan in  
 29 the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program,  
 30 with a maximum loan amount of forty thousand dollars (\$40,000) per participant. All forgivable  
 31 scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at  
 32 a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days  
 33 after completion of the school leader preparation program, or 90 days after termination of the  
 34 loan, whichever is earlier. The forgivable scholarship loan may be terminated upon the recipient's  
 35 withdrawal from the preparation program or by the recipient's failure to meet the standards set  
 36 by the nonprofit corporation and the grantee.

37 (b) Forgiveness Through Service. – The Authority shall forgive the total amount of a  
 38 forgivable scholarship loan and any interest accrued on the loan if, within seven years after  
 39 graduation from a school leader preparation program, exclusive of any authorized deferment for  
 40 extenuating circumstances, the recipient serves as a school administrator at a North Carolina  
 41 public school, in any combination of the following for every year of service:

42 (1) If the school administrator serves one year at a school that qualifies as a  
 43 high-need school under G.S. 116-209.70(b) at the time the school  
 44 administrator accepts employment at the school or, if the school administrator  
 45 changes employment during this period to be employed at another high-need  
 46 school, then the recipient shall have fifty percent (50%) of the total amount of  
 47 the loans forgiven.

48 (2) If the school administrator serves one year at a school that does not qualify as  
 49 a high-need school under G.S. 116-209.70(b), then the recipient shall have  
 50 twenty-five percent (25%) of the total amount of the loans forgiven.

1 A recipient shall be eligible for a percentage of the total amount of loans forgiven under this  
2 subsection regardless of whether the recipient repays all of the recipient's forgivable scholarship  
3 loans through service.

4 (c) Repayment Period. – The Authority, in collaboration with the grantees, shall monitor  
5 the acceptability of service repayment agreements and compliance of the recipient with the  
6 agreement. A forgivable scholarship loan shall also be forgiven if the Authority finds it is  
7 impossible for the recipient to work for four years as a school administrator, within seven years  
8 after completion of the preparation program supported by the loan, because of the death or  
9 permanent disability of the recipient. If the recipient repays the forgivable scholarship loan by  
10 cash payments to the Authority, all indebtedness shall be repaid within 10 years after completion  
11 of the school leader preparation program supported by the loan. If the recipient completes the  
12 school leader preparation program, payment of principal and interest shall begin no later than 27  
13 months after the completion of the program. Should a recipient present extenuating  
14 circumstances, the Authority may extend the period to repay the forgivable scholarship loan in  
15 cash to no more than a total of 12 years."

16 **SECTION 1.(h)** Notwithstanding G.S. 116-209.76, as enacted by this section,  
17 eligibility for a forgivable scholarship loan under G.S. 116-209.76 shall apply beginning with  
18 school leader program participants entering, on or after June 1, 2020, a school leader preparation  
19 program that is supported by a grant awarded pursuant to Part 4 of Article 23 of Chapter 116 of  
20 the General Statutes.

21 **SECTION 1.(i)** Effective July 1, 2021, Part 4 of Article 23 of Chapter 116 of the  
22 General Statutes, as amended, is repealed.

23 **SECTION 1.(j)** Effective July 1, 2021, Section 11.9(m) of S.L. 2015-241, as  
24 amended by Section 4.3 of S.L. 2016-123, Section 10A.5 of S.L. 2017-57, and Section 10A.4 of  
25 S.L. 2018-5, is repealed.

26 **SECTION 1.(k)** Effective July 1, 2021, Section 11.9(o) of S.L. 2015-241, as enacted  
27 by Section 10A.5 of S.L. 2017-57, and amended by Section 10A.4 of S.L. 2018-5 and subsection  
28 (d) of this section, is repealed.

29 **SECTION 1.(l)** Article 5C of Chapter 116 of the General Statutes reads as rewritten:  
30 "Article 5C.

31 "North Carolina Principal Fellows and Transforming Principal Preparation Program.

32 **"§ 116-74.41. North Carolina Principal Fellows and TP3 Commission established;**  
33 **membership.**

34 (a) There is established the North Carolina Principal Fellows and TP3 Commission. The  
35 Commission shall exercise its powers and duties independently ~~of the Board of Governors of The~~  
36 ~~University of North Carolina~~ in its administration of the North Carolina Principal Fellows and  
37 Transforming Principal Preparation Program, which includes the Principal Fellows Program and  
38 the North Carolina Transforming Principal Preparation Program, in accordance with this Article.  
39 The Director of the ~~Principal Fellows Program~~ shall staff the ~~Commission~~ Commission in  
40 accordance with G.S. 116-74.49. The State Education Assistance Authority (~~SEAA~~) as created  
41 in G.S. 116-203 shall be responsible for (i) implementing scholarship loan agreements,  
42 monitoring, cancelling through service, collecting and otherwise enforcing the agreements for  
43 the Principal Fellows Program scholarship loans established in accordance with  
44 ~~G.S. 116-74.42~~ G.S. 116-74.42 and (ii) awarding grants upon selection of the recipients by the  
45 Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable  
46 scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements  
47 under G.S. 116-74.48.

48 (a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

49 (b) The Commission shall consist of ~~12~~ 15 members appointed as follows:

50 (1) One member of the Board of Governors of The University of North Carolina  
51 appointed by the chair of that board, notwithstanding G.S. 116-7(b).

- 1 (2) One member of the State Board of Education appointed by the State Board  
2 chair.
- 3 (3) ~~Two deans~~ One dean of schools a school of education appointed by the  
4 President of The University of North Carolina.
- 5 (3a) One dean of a school of education appointed by the President of the North  
6 Carolina Independent Colleges and Universities.
- 7 (4) One public school teacher appointed by the General Assembly upon the  
8 recommendation of the President Pro Tempore of the Senate.
- 9 (5) One public school principal appointed by the General Assembly upon the  
10 recommendation of the Speaker of the House of Representatives.
- 11 (6) A local superintendent chosen by the State Superintendent of Public  
12 Instruction.
- 13 (7) One member to represent business and industry appointed by the Governor.
- 14 (8) One local school board member appointed by the chair of the State Board of  
15 Education.
- 16 (9) ~~One parent of a public school child~~ human resources expert from the private  
17 sector appointed by the State Superintendent of Public Instruction.
- 18 (10) The chairperson of the Board of the State Education Assistance Authority.
- 19 (11) The director of the ~~Principal Fellows~~ Program. The director shall chair the  
20 Commission.
- 21 (12) The Executive Director of the North Carolina Principals and Assistant  
22 Principals' Association or his or her designee.
- 23 (13) The President of the Personnel Administrators of North Carolina or his or her  
24 designee.
- 25 (14) The President and Chief Executive Officer of North Carolina Business  
26 Leaders for Education (BEST NC) or his or her designee.

27 (c) ~~Initial appointments shall be made no later than September 15, 1993. Initial terms of~~  
28 ~~those members appointed to fill the teacher, principal, parent, superintendent, and the local school~~  
29 ~~board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the~~  
30 ~~Board of Governors of The University of North Carolina, State Board of Education, deans of~~  
31 ~~schools of education, and the member of business and industry seats shall expire July 1, 1997.~~  
32 ~~Thereafter, all~~ All appointments for these seats to the Commission shall be for four-year terms.

33 (d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing  
34 authority shall appoint another person to serve for the balance of the unexpired term. In the  
35 discretion of the appointing authority, a State Board of Education member or a member of the  
36 Board of Governors of The University of North Carolina may complete a term on the  
37 Commission after the member's appointment from the appointing board has expired.

38 (e) Commission members shall receive per diem, subsistence, and travel allowances in  
39 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

40 (f) ~~The~~ The initial meeting of the Commission shall be called by the member of the Board  
41 of Governors of The University of North Carolina appointed under subdivision (1) of subsection  
42 (b) of this section and the director shall be appointed by the Commission at the initial meeting.  
43 Thereafter, the Commission shall meet regularly, at times and places deemed necessary by the  
44 chair.

45 **"§ 116-74.41A. Definitions.**

46 For the purposes of this Article, the following definitions apply:

- 47 (1) Authority or SEAA. – The State Education Assistance Authority as created in  
48 G.S. 116-203.
- 49 (2) Commission. – The North Carolina Principal Fellows and TP3 Commission.
- 50 (3) Eligible entity. – A for-profit or nonprofit organization or an institution of  
51 higher education that has an evidence-based plan for preparing school leaders

1 who implement school leadership practices linked to increased student  
2 achievement.

3 (4) High-need local school administrative unit. – A local school administrative  
4 unit with the majority of its schools deemed to be high-need schools as defined  
5 in subdivision (5) of this subsection.

6 (5) High-need school. – A public school that meets one or more of the following  
7 criteria:

8 a. Is a school identified under Part A of Title I of the Elementary and  
9 Secondary Education Act of 1965, as amended.

10 b. Is a persistently low-achieving school, as identified by the Department  
11 of Public Instruction for purposes of federal accountability.

12 c. A middle school containing any of grades five through eight that feeds  
13 into a high school with less than a seventy-five percent (75%)  
14 four-year cohort graduation rate.

15 d. A high school with less than a seventy-five percent (75%) four-year  
16 cohort graduation rate.

17 (6) North Carolina Transforming Principal Preparation Program. – The North  
18 Carolina Transforming Principal Preparation Program established pursuant to  
19 G.S. 116-74.44.

20 (7) Principal. – The highest administrative official in a public school building  
21 with primary responsibility for the instructional leadership, talent  
22 management, and organizational development of the school.

23 (8) Principal Fellows Program. – The Principal Fellows Program established  
24 pursuant to G.S. 116-74.42.

25 (9) Program. – The North Carolina Principal Fellows and Transforming Principal  
26 Preparation Program, which shall include the Principal Fellows Program and  
27 the North Carolina Transforming Principal Preparation Program.

28 (10) Public school. – An elementary or secondary school located in North Carolina  
29 that is operated by a local board of education, charter school board of  
30 directors, regional school board of directors, chancellor for a University of  
31 North Carolina laboratory school, an innovative school operator, or the United  
32 States government.

33 (11) School leader. – An individual employed in a school leadership role, including  
34 principal or assistant principal roles.

35 (12) Student achievement. – At the whole school level, after three years of leading  
36 a school, consistent and methodologically sound measures of:

37 a. Student academic achievement.

38 b. Aggregated individual student academic growth.

39 c. Additional outcomes, such as high school graduation rates, the  
40 percentage of students taking advanced-level coursework, or the  
41 percentage of students who obtain a career-related credential through  
42 a national business certification exam.

43 (13) Trust Fund. – The North Carolina Principal Fellows and TP3 Trust Fund  
44 established pursuant to G.S. 116-74.41B.

45 **"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

46 (a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund  
47 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated  
48 to, or otherwise received by, (i) the Principal Fellows Program for scholarships and other program  
49 purposes, (ii) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) all funds  
50 received as repayment of scholarship loans, and (iv) all interest earned on these funds shall be  
51 placed in the Trust Fund.

1        (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
 2 for the purposes set forth in this subsection, including (i) scholarship loans granted under the  
 3 Principal Fellows Program, administrative costs, and costs associated with program operations  
 4 in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any  
 5 monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship  
 6 loans awarded under the Principal Fellows Program and from any funds appropriated for the  
 7 Program. The Authority may use up to two percent (2%) of the funds appropriated for the  
 8 Program or one hundred sixty thousand dollars (\$160,000) from the Trust Fund, whichever is  
 9 greater, each fiscal year for administrative costs, including recovery of funds advanced under the  
 10 Program, and may allocate to the Commission up to eight hundred thousand dollars (\$800,000)  
 11 from the Trust Fund each fiscal year for the following:

12            (1) The salary and benefits of the director and staff of the Program.

13            (2) The expenses of the Commission for the Principal Fellows Program, including  
 14 applicant recruitment.

15            (3) Principal Fellows Program monitoring and evaluation.

16            (4) Extracurricular enhancement activities for the Program.

17            (5) The expenses of the Commission to administer grants pursuant to  
 18 G.S. 116-74.44.

19 **"§ 116-74.42. Principal Fellows Program established; administration.**

20        (a) Program. – A Principal Fellows Program shall be administered by the North Carolina  
 21 Principal Fellows and TP3 Commission in collaboration with the State Education Assistance  
 22 Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to  
 23 selected recipients and shall provide extracurricular enhancement activities for recipients. The  
 24 North Carolina Principal Fellows and TP3 Commission shall determine selection criteria,  
 25 methods of selection, and shall select recipients to receive scholarship loans made under the  
 26 Principal Fellows Program.

27        ~~(a1) Trust Fund. – The Principal Fellows Trust Fund (Trust Fund) shall be an institutional~~  
 28 ~~trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received~~  
 29 ~~by, the Principal Fellows Program for scholarships and other program purposes, all funds~~  
 30 ~~received as repayment of scholarship loans, and all interest earned on these funds shall be placed~~  
 31 ~~in the Trust Fund.~~

32        ~~(a2) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only~~  
 33 ~~for scholarship loans granted under the Principal Fellows Program, administrative costs, and~~  
 34 ~~costs associated with program operations in accordance with this Article. The Authority may use~~  
 35 ~~up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for (i) its~~  
 36 ~~administrative costs, including recovery of funds advanced under the program; (ii) the salary and~~  
 37 ~~benefits of the director of the program; (iii) the expenses of the Commission, including applicant~~  
 38 ~~recruitment; and (iv) funds provided to the Commission for program monitoring and evaluation~~  
 39 ~~and extracurricular enhancement activities for program recipients.~~

40        ~~(b) Director. – The Board of Governors of The University of North Carolina shall appoint~~  
 41 ~~a director of the Program appointed by the Commission shall oversee the Principal Fellows~~  
 42 ~~Program. The director shall chair and staff the Principal Fellows Commission, and shall~~  
 43 ~~administer the extracurricular enhancement activities of the program. The Board of Governors~~  
 44 ~~University of North Carolina System Office shall provide office space and clerical support staff~~  
 45 ~~for the program-program in accordance with G.S. 116-74.49.~~

46        ...

47        (g) Administration of the Program. – Upon the naming of recipients of the scholarship  
 48 loans by the Principal Fellows and TP3 Commission, the Commission shall transfer to the State  
 49 Education Assistance Authority (~~SEAA~~) its decisions. The ~~SEAA~~ Authority shall perform all of  
 50 the administrative functions necessary to implement the requirements for the Principal Fellows  
 51 Program under this Article, which functions shall include: rule making, dissemination of

1 information, disbursement, receipt, liaison with participating educational institutions,  
2 determination of the acceptability of service repayment agreements, and all other functions  
3 necessary for the execution, payment, and enforcement of promissory notes required for the  
4 Principal Fellows Program under this Article.

5 **"§ 116-74.43. Terms of loans; loans for the Principal Fellows Program; receipt and**  
6 **disbursement of funds.**

7 (a) All scholarship loans for the Principal Fellows Program shall be evidenced by notes  
8 made payable to the State Education Assistance Authority that bear interest at a rate not to exceed  
9 ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the  
10 school administrator program, or 90 days after termination of the scholarship loan, whichever is  
11 earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or  
12 by the recipient's failure to meet the standards set by the Commission.

13 ...

14 **"§ 116-74.44. North Carolina Transforming Principal Preparation Program established;**  
15 **administration.**

16 (a) Established. – There is established the North Carolina Transforming Principal  
17 Preparation Program as a competitive grant program for eligible entities for the purpose of  
18 elevating educators in North Carolina public schools by transforming the preparation of  
19 principals across the State and providing for forgivable scholarship loans to the participants of  
20 those school leader preparation programs. The Authority shall administer the North Carolina  
21 Transforming Principal Preparation Program in collaboration with the Commission as set forth  
22 in this Article to provide funds for the preparation and support of highly effective future school  
23 principals in North Carolina.

24 (b) Program Administration. – The Commission shall select grant recipients and notify  
25 the Authority for the award of the grants with the Authority acting as the fiscal agent for the Trust  
26 Fund with respect to grants awarded by the Commission. The Commission shall also coordinate  
27 with grant recipients to provide extracurricular enhancement activities for program participants.  
28 The Authority shall monitor the implementation of forgivable scholarship loans to school leader  
29 preparation program participants, as authorized by this Article.

30 (c) Administration of Forgivable Scholarship Loans. – Upon the grant recipients'  
31 selection of the program participants for the school leader preparation programs, the Commission  
32 shall transfer the names of all program participants to the Authority. The Authority shall perform  
33 all of the administrative functions necessary to implement the forgivable scholarship loans to the  
34 school leader preparation program participants, which functions shall include rule making,  
35 disseminating information, acting as a liaison with participating eligible entities, implementing  
36 forgivable loan agreements in the form of promissory notes, monitoring loan repayment through  
37 service and cash, and performing all other functions necessary for the execution, payment, and  
38 enforcement of promissory notes required under this Article.

39 **"§ 116-74.45. Grant applications; priority.**

40 (a) Application Requirements. – Subject to the availability of funds for this purpose, the  
41 Commission shall issue a request for proposal with guidelines and criteria for applying for a  
42 grant. An eligible entity that seeks a grant shall submit to the Commission an application at such  
43 time, in such manner, and accompanied by such information as the Commission may require.  
44 Eligible entities may create partnerships to develop and establish school leader preparation  
45 programs and apply jointly to be a grant recipient. An applicant shall include at least the  
46 following information in its application for consideration by the Commission:

- 47 (1) The extent to which the entity has a demonstrated record of preparing school  
48 leaders who implement school leadership practices linked to increased student  
49 achievement.



1           (2)   The extent to which the entity has a rigorous school leader preparation  
2           program design that includes the following research-based programmatic  
3           elements:

- 4           a.     A proactive, aggressive, and intentional recruitment strategy.  
5           b.     Rigorous selection criteria based on competencies that are predictive  
6           of success as a school leader, including, but not limited to, evidence of  
7           significant positive effect on student learning growth in the classroom,  
8           at the public school level, professional recommendations, evidence of  
9           problem solving and critical thinking skills, achievement drive, and  
10          leadership of adults.  
11          c.     Alignment to high-quality national standards for school leadership  
12          development.  
13          d.     Rigorous coursework that effectively links theory with practice  
14          through the use of field experiences and problem-based learning.  
15          e.     Full-time paid clinical practice of at least five months and 750 hours  
16          in duration in an authentic setting, including substantial leadership  
17          responsibilities where candidates are evaluated on leadership skills  
18          and effect on student outcomes as part of program completion.  
19          f.     Multiple opportunities for school leader candidates to be observed and  
20          coached by program faculty and staff.  
21          g.     Clear expectations for and firm commitment from school leaders who  
22          will oversee the clinical practice of candidates.  
23          h.     Evaluation of school leader candidates during and at the end of the  
24          clinical practice based on the North Carolina School Executive  
25          Evaluation Rubric.  
26          i.     A process for continuous review and program improvement based on  
27          feedback from partnering local school administrative units and data  
28          from program completers, including student achievement data.  
29          j.     Established relationship and feedback loop with affiliated local school  
30          administrative units that is used to inform and improve programmatic  
31          elements from year to year based on units' needs.

32          (b)   Application Priority. – The Commission shall evaluate the applicants for grants by  
33          giving priority to an eligible entity with a record of preparing principals demonstrating the  
34          following:

- 35               (1)   Improvement in student achievement.  
36               (2)   Placement as school leaders in eligible schools.  
37               (3)   A proposed focus on and, if applicable, a record of serving high-need schools,  
38               high-need local school administrative units, or both.  
39               (4)   A detailed plan and commitment to share lessons learned and to improve the  
40               capacity of other entities in reaching similar outcomes.  
41               (5)   A service area that is underserved by existing principal preparation programs  
42               or demonstrates unmet need despite current available programs.

43          **§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants;**  
44          **reporting requirements.**

45          (a)   Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the  
46          Commission shall notify the Authority of its selection of the recipients of grants for each fiscal  
47          year. The Commission shall select up to eight grant recipients to be operating a school leader  
48          preparation program with grant funds in any fiscal year.

49          (b)   Use of Funds. – Each eligible entity that receives grant funds shall use those funds to  
50          carry out the following:

- 1           (1) Recruiting and selecting, based on a rigorous evaluation of the competencies  
2 of the school leader candidates participating in the program and their potential  
3 and desire to become effective school leaders.
- 4           (2) Operating a school leader preparation program that provides the opportunity  
5 for all candidates to earn a master's degree, if they do not already have one,  
6 and subsequent principal licensure by doing the following:
- 7           a. Utilizing a research-based content and curriculum, including  
8 embedded participant assessments to evaluate candidates before  
9 program completion that prepares candidates to do the following:
- 10           1. Provide instructional leadership, such as developing teachers'  
11 instructional practices and analyzing classroom and  
12 school-wide data to support teachers.
- 13           2. Manage talent, such as developing a high-performing team.
- 14           3. Build a positive school culture, such as building a strong school  
15 culture focused on high academic achievement for all students,  
16 including gifted and talented students, students with  
17 disabilities, and English learners; maintaining active  
18 engagement with family and community members; and  
19 ensuring student safety.
- 20           4. Develop organizational practices, such as aligning staff,  
21 budget, and time to the instructional priorities of the school.
- 22           b. Providing opportunities for sustained and high-quality job-embedded  
23 practice in an authentic setting where candidates are responsible for  
24 moving the practice and performance of a subset of teachers or for  
25 school-wide performance as principal-in-planning or interim school  
26 leaders.
- 27           (3) Collecting data on program implementation and program completer outcomes  
28 for continuous program improvement.
- 29           (4) Covering the cost of attendance and completion for program participants for  
30 the school leader preparation program from the funds received on behalf of  
31 program participants through forgivable scholarship loans issued in  
32 accordance with the requirements of G.S. 116-74.48.
- 33           (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority  
34 of its decisions on the duration and renewal of grants to eligible entities made in accordance with  
35 the following:
- 36           (1) The duration of grants shall be as follows:
- 37           a. Grants shall be no more than five years and no fewer than two years  
38 in duration, unless the Commission finds early termination of a grant  
39 is necessary due to noncompliance with grant terms.
- 40           b. The Commission may renew a grant based on compliance with the  
41 grant terms and performance, including allowing the grantee to scale  
42 up or replicate the successful program as provided in subdivision (3)  
43 of this subsection.
- 44           (2) The following conditions shall apply during the grant period:
- 45           a. The Commission shall develop a process with the Authority for early  
46 retrieval of grant funds from grant recipients due to noncompliance  
47 with grant terms, including participation in third-party evaluation  
48 activities.
- 49           b. The Commission shall develop and enforce requirements for the  
50 disbursement of funds to the grantee for forgivable scholarship loans  
51 on behalf of program participants, which shall include the requirement

1 that program graduates serve as school-based administrators in public  
2 schools located in North Carolina. Grantees shall facilitate the  
3 execution of promissory notes between the Authority and program  
4 participants containing the terms for forgivable scholarship loans,  
5 including requirements for forgiveness or repayment, consistent with  
6 requirements established by the Commission and the provisions of  
7 G.S. 116-74.48. The Commission shall monitor the repayment of a  
8 forgivable scholarship loan, in collaboration with the Authority and  
9 grantees.

10 (3) In evaluating performance for purposes of grant renewal and making its  
11 renewal decisions to provide to the Authority, the Commission shall consider  
12 at least the following:

13 a. For all grantees, the primary consideration in renewing grants shall be  
14 the extent to which program participants improved student  
15 achievement in eligible schools.

16 b. Other criteria from data received in the annual report in subsection (d)  
17 of this section may include the following:

18 1. The percentage of program completers who are placed as  
19 school leaders in this State within three years of receiving a  
20 grant.

21 2. The percentage of program completers who are rated proficient  
22 or above on the North Carolina School Executive Evaluation  
23 Rubric.

24 (d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate  
25 in all evaluation activities required by the Commission and submit an annual report to the  
26 Commission with any information requested by the Commission. The recipients shall comply  
27 with additional report requests made by the Commission. Whenever practicable and within a  
28 reasonable amount of time, grant recipients shall also make all materials developed as part of the  
29 program and with grant funds publicly available to contribute to the broader sharing of promising  
30 practices. Materials shall not include personally identifiable information regarding individuals  
31 involved or associated with the program, including, without limitation, applicants, participants,  
32 supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission  
33 shall work with recipients, local school administrative units, and public schools, as needed, to  
34 enable the collection, analysis, and evaluation of at least the following relevant data, within  
35 necessary privacy constraints:

36 (1) Student achievement in eligible schools.

37 (2) The percentage of program completers who are placed as school leaders  
38 within three years in the State.

39 (3) The percentage of program completers who are placed as school leaders  
40 within three years in high-need schools in the State.

41 (4) The percentage of program completers rated proficient or above on school  
42 leader evaluation and support systems.

43 (5) The percentage of program completers that are school leaders who have  
44 remained employed in a North Carolina public school for two or more years  
45 of initial placement.

46 **§ 116-74.47. Reports.**

47 The Commission shall provide the State Board of Education, the Authority, and the Joint  
48 Legislative Education Oversight Committee with the data collected from grant recipients in  
49 accordance with G.S. 116-74.46 on an annual basis.

50 **§ 116-74.48. Terms of forgivable scholarship loans for program recipients.**

1       (a) Notes. – A program participant shall be eligible for a forgivable scholarship loan in  
2 the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program,  
3 with a maximum loan amount of forty thousand dollars (\$40,000) per participant. All forgivable  
4 scholarship loans for school leader preparation program participants shall be evidenced by notes  
5 made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year  
6 as set by the Authority and beginning 90 days after completion of the school leader preparation  
7 program, or 90 days after termination of the loan, whichever is earlier. The funds from the  
8 forgivable scholarship loan shall be disbursed directly to the grantee on behalf of the recipient  
9 for participation in the school leader preparation program. The forgivable scholarship loan may  
10 be terminated upon the recipient's withdrawal from the preparation program or by the recipient's  
11 failure to meet the standards set by the Commission or the grantee.

12       (b) Forgiveness Through Service. – The Authority shall forgive the total amount of a  
13 forgivable scholarship loan and any interest accrued on the loan if, within seven years after  
14 graduation from a school leader preparation program, exclusive of any authorized deferment for  
15 extenuating circumstances, the recipient serves as a school administrator at a North Carolina  
16 public school, in any combination of the following for every year of service:

17           (1) If the school administrator serves one year at a school that qualifies as a  
18 high-need school under G.S. 116-74.41A at the time the school administrator  
19 accepts employment at the school or, if the school administrator changes  
20 employment during this period at another high-need school, then the recipient  
21 shall have fifty percent (50%) of the total amount of the loans forgiven.

22           (2) If the school administrator serves one year at a school that does not qualify as  
23 a high-need school under G.S. 116-74.41A, then the recipient shall have  
24 twenty-five percent (25%) of the total amount of the loans forgiven.

25       A recipient shall be eligible for a percentage of the total amount of loans forgiven under this  
26 subsection regardless of whether the recipient repays all of the recipient's forgivable scholarship  
27 loans through service.

28       (c) Repayment Period. – The Authority, in collaboration with the Commission and  
29 grantees, shall monitor the acceptability of service repayment agreements and compliance of the  
30 recipient with the agreement. The Commission shall notify the Authority of any relevant  
31 information or change in the circumstances pertaining to the recipient impacting the enforcement  
32 of the promissory note. A forgivable scholarship loan shall also be forgiven if the Commission  
33 finds it is impossible for the recipient to work for four years as a school administrator, within  
34 seven years after completion of the preparation program supported by the loan, because of the  
35 death or permanent disability of the recipient. If the recipient repays the forgivable scholarship  
36 loan by cash payments to the Authority, all indebtedness shall be repaid within 10 years after  
37 completion of the school leader preparation program supported by the loan. If the recipient  
38 completes the school leader preparation program, payment of principal and interest shall begin  
39 no later than 27 months after the completion of the program. Should a recipient present  
40 extenuating circumstances, the Authority may extend the period to repay the forgivable  
41 scholarship loan in cash to no more than a total of 12 years.

42 **"§ 116-74.49. Staff to the Commission.**

43       The Commission shall appoint a director of the North Carolina Principal Fellows and  
44 Transforming Principal Preparation Program. The director shall chair and staff the Commission  
45 and shall administer the extracurricular enhancement activities of the Program. The University  
46 of North Carolina System Office shall provide office space for the Program. The office space  
47 shall not be located on the campus of a constituent institution."

48       **SECTION 1.(m)** G.S. 120-123(59a) reads as rewritten:

49       "(59a) The North Carolina Principal Fellows and TP3 Commission established by  
50       G.S. 116-74.41."

1           **SECTION 1.(n)** Notwithstanding G.S. 116-74.41, as amended by this section, the  
2 terms of the current members serving on the Principal Fellows Commission representing two  
3 deans of schools of education and a parent of a public school child shall expire July 1, 2019. The  
4 initial appointment of (i) one human resources expert, (ii) one dean of a school of education  
5 appointed by the President of The University of North Carolina, and (iii) one dean of a school of  
6 education appointed by the President of the North Carolina Independent Colleges and  
7 Universities to the North Carolina Principal Fellows and TP3 Commission pursuant to  
8 G.S. 116-74.41, as amended by this section, shall be made by August 1, 2019. The member  
9 appointed to represent a human resources expert shall serve for a term of four years to expire  
10 July 1, 2023. The member appointed to represent one dean of a school of education by the  
11 President of The University of North Carolina and the member appointed to represent one dean  
12 of a school of education by the President of the North Carolina Independent Colleges and  
13 Universities shall serve for terms of two years to expire July 1, 2021. The remaining members  
14 serving on the Principal Fellows Commission as of July 1, 2019, who were appointed pursuant  
15 to G.S. 116-74.41, shall serve the remainder of their terms as members of the North Carolina  
16 Principal Fellows and TP3 Commission.

17           **SECTION 1.(o)** Notwithstanding G.S. 116-74.46, as enacted by this section, a  
18 grantee awarded a grant pursuant to G.S. 116-209.73 for the 2019-2020 or 2020-2021 fiscal year  
19 may apply to the North Carolina Principal Fellows and TP3 Commission for renewal of the grant  
20 in accordance with the requirements of G.S. 116-74.46. Effective July 1, 2021, a grantee awarded  
21 a grant pursuant to G.S. 116-209.73 with a grant term extending on or after July 1, 2021, shall be  
22 subject to administration of the grant pursuant to Article 5C of Chapter 116 of the General  
23 Statutes, as amended by this section, for the remainder of the grant term.

24           Notwithstanding G.S. 116-74.48, as enacted by this section, eligibility for a  
25 forgivable scholarship loan under G.S. 116-74.48 shall apply beginning with school leader  
26 program participants entering, on or after June 1, 2020, a school leader preparation program that  
27 is supported by a grant awarded pursuant to G.S. 116-74.46.

28           **SECTION 1.(p)** Notwithstanding any other provision of law, the Office of State  
29 Budget and Management shall transfer the unexpended balance in the Principal Fellows Trust  
30 Fund established under G.S. 116-74.42 to the North Carolina Principal Fellows and TP3 Trust  
31 Fund established under G.S. 116-74.41B.

32           **SECTION 1.(q)** Notwithstanding any other provision of law, beginning with the  
33 2019-2020 fiscal year, of the funds appropriated from the General Fund to the Principal Fellows  
34 Trust Fund established under G.S. 116-74.42 each fiscal year, the sum of three million two  
35 hundred fifty-eight thousand dollars (\$3,258,000) in recurring funds shall instead be appropriated  
36 to the North Carolina Principal Fellows and TP3 Trust Fund established under G.S. 116-74.41B.

37           **SECTION 1.(r)** Notwithstanding any other provision of law, beginning with the  
38 2020-2021 fiscal year, of the funds appropriated from the General Fund to the Board of  
39 Governors of The University of North Carolina for the Transforming Principal Preparation Grant  
40 Program established under G.S. 116-209.70 for each fiscal year, the sum of one million five  
41 hundred seventy-three thousand nine hundred two dollars (\$1,573,902) in recurring funds shall  
42 instead be appropriated to the North Carolina Principal Fellows and TP3 Trust Fund established  
43 under G.S. 116-74.41B to be used to award grants pursuant to G.S. 116-74.44.

44           **SECTION 1.(s)** Effective July 1, 2021, G.S. 116-74.42 and G.S. 116-74.43 are  
45 repealed.

46           **SECTION 1.(t)** The North Carolina Principal Fellows and TP3 Commission shall  
47 make final scholarship loan awards for the Principal Fellows Program for the 2021 spring  
48 academic semester.

49           **SECTION 1.(u)** Effective July 1, 2021, G.S. 116-204 reads as rewritten:

50       **"§ 116-204. Powers of Authority.**

51       The Authority is hereby authorized and empowered:

1 ...

2 (13) To collect loan repayments for scholarship loans awarded under the former  
3 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan  
4 repayment is outstanding for more than 30 days."

5 SECTION 1.(v) Effective July 1, 2021, Article 23 of Chapter 116 of the General  
6 Statutes is amended by adding a new section to read:

7 "**§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows**  
8 **Program.**

9 (a) The Authority shall, as of July 1, 2021, administer all outstanding scholarship loans  
10 previously awarded by the former North Carolina Principal Fellows Commission and subject to  
11 repayment under the former Principal Fellows Program administered pursuant to Article 5C of  
12 this Chapter.

13 (b) All funds received by the Authority in association with its administration of the  
14 Principal Fellows Program, including all funds received as repayment of scholarship loans and  
15 all interest earned on these funds, shall be deposited into the North Carolina Principal Fellows  
16 and TP3 Trust Fund established in G.S. 116-74.41B."

17 SECTION 1.(w) Effective July 1, 2021, G.S. 116-74.41(a), as amended by this  
18 section, reads as rewritten:

19 "(a) There is established the North Carolina Principal Fellows and TP3 Commission. The  
20 Commission shall exercise its powers and duties independently in its administration of the North  
21 Carolina Principal Fellows and Transforming Principal Preparation Program, ~~which includes the~~  
22 ~~Principal Fellows Program and the North Carolina Transforming Principal Preparation Program,~~  
23 Program in accordance with this Article. The Director of the Program shall staff the Commission  
24 in accordance with G.S. 116-74.49. The State Education Assistance Authority as created in  
25 G.S. 116-203 shall be responsible for ~~(i) implementing scholarship loan agreements, monitoring,~~  
26 ~~cancelling through service, collecting and otherwise enforcing the agreements for the Principal~~  
27 ~~Fellows Program scholarship loans established in accordance with G.S. 116-74.42 and (ii)~~  
28 ~~awarding grants upon selection of the recipients by the Commission in accordance with~~  
29 ~~G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through~~  
30 ~~service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48."~~

31 SECTION 1.(x) Effective July 1, 2021, G.S. 116-74.41A, as enacted by this section,  
32 reads as rewritten:

33 "**§ 116-74.41A. Definitions.**

34 For the purposes of this Article, the following definitions apply:

35 ...

36 (6) ~~North Carolina Transforming Principal Preparation Program.—The North~~  
37 ~~Carolina Transforming Principal Preparation Program established pursuant to~~  
38 ~~G.S. 116-74.44.~~

39 (7) Principal. – The highest administrative official in a public school building  
40 with primary responsibility for the instructional leadership, talent  
41 management, and organizational development of the school.

42 (8) ~~Principal Fellows Program.—The Principal Fellows Program established~~  
43 ~~pursuant to G.S. 116-74.42.~~

44 (9) Program. – The North Carolina Principal Fellows and Transforming Principal  
45 Preparation Program, ~~which shall include the Principal Fellows Program and~~  
46 ~~the North Carolina Transforming Principal Preparation Program.~~Program  
47 established pursuant to G.S. 116-74.44.

48 ...."

49 SECTION 1.(y) Effective July 1, 2021, G.S. 116-74.41B, as enacted by this section,  
50 reads as rewritten:

51 "**§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

1 (a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund  
 2 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated  
 3 to, or otherwise received by, ~~(i) the Principal Fellows Program for scholarships and other program~~  
 4 ~~purposes, (ii) (i) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) (ii) all~~  
 5 funds received as repayment of scholarship loans, including under the former Principal Fellows  
 6 Program administered under G.S. 116-74.42 and the Transforming Principal Preparation  
 7 Program under G.S. 116-209.76, and ~~(iv) (iii) all interest earned on these funds shall be placed~~  
 8 in the Trust Fund.

9 (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
 10 for the purposes set forth in this subsection, including ~~(i) scholarship loans granted under the~~  
 11 ~~Principal Fellows Program, administrative costs, and costs associated with program operations~~  
 12 ~~in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any~~  
 13 ~~monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship~~  
 14 ~~loans awarded under the Principal Fellows Program and from any funds appropriated for the~~  
 15 ~~Program, administrative costs, and costs associated with Program operations in accordance with~~  
 16 this Article. The Authority may use up to two percent (2%) of the funds appropriated for the  
 17 Program or one hundred sixty thousand dollars (\$160,000) from the Trust Fund, whichever is  
 18 greater, each fiscal year for the Program for administrative costs, including recovery of funds  
 19 advanced under the Program, and may allocate to the Commission up to eight hundred thousand  
 20 dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- 21 (1) The salary and benefits of the director and staff of the Program.
- 22 (2) The expenses of the Commission ~~for the Principal Fellows Program, including~~  
 23 ~~applicant recruitment to administer the Program.~~
- 24 (3) ~~Principal Fellows Program~~ monitoring and evaluation.
- 25 (4) Extracurricular enhancement activities for the Program.
- 26 (5) ~~The expenses of the Commission to administer grants pursuant to~~  
 27 ~~G.S. 116-74.44."~~

28 **SECTION 1.(z)** Effective July 1, 2021, G.S. 116-74.44, as enacted by this section,  
 29 reads as rewritten:

30 **"§ 116-74.44. North Carolina Principal Fellows and Transforming Principal Preparation**  
 31 **Program established; administration.**

32 (a) Established. – There is established the North Carolina Principal Fellows and  
 33 Transforming Principal Preparation Program as a competitive grant program for eligible entities  
 34 for the purpose of elevating educators in North Carolina public schools by transforming the  
 35 preparation of principals across the State and providing for forgivable scholarship loans to the  
 36 participants of those school leader preparation programs. The Authority shall administer the  
 37 North Carolina Principal Fellows and Transforming Principal Preparation Program in  
 38 collaboration with the Commission as set forth in this Article to provide funds for the preparation  
 39 and support of highly effective future school principals in North Carolina.

40 (b) Program Administration. – The Commission shall select grant recipients and notify  
 41 the Authority for the award of the grants with the Authority acting as the fiscal agent for the Trust  
 42 Fund with respect to grants awarded by the Commission. The Commission shall also coordinate  
 43 with grant recipients to provide extracurricular enhancement activities for program participants.  
 44 The Authority shall monitor the implementation of forgivable scholarship loans to school leader  
 45 preparation program participants, as authorized by this Article.

46 (c) Administration of Forgivable Scholarship Loans. – Upon the grant recipients'  
 47 selection of the program participants for the school leader preparation programs, the Commission  
 48 shall transfer the names of all program participants to the Authority. The Authority shall perform  
 49 all of the administrative functions necessary to implement the forgivable scholarship loans to the  
 50 school leader preparation program participants, which functions shall include rule making,  
 51 disseminating information, acting as a liaison with participating eligible entities, implementing

1 forgivable loan agreements in the form of promissory notes, monitoring loan repayment through  
2 service and cash, and performing all other functions necessary for the execution, payment, and  
3 enforcement of promissory notes required under this Article.

4 (d) Prior Loan Monitoring. – The Authority, in collaboration with Commission, shall also  
5 monitor the implementation of forgivable scholarship loans to school leader preparation program  
6 participants executed pursuant to G.S. 116-209.76, and the Authority shall administer all  
7 outstanding forgivable scholarship loans previously awarded and subject to repayment under the  
8 former Transforming Principal Preparation Program administered pursuant to Part 4 of Article  
9 23 of this Chapter."

10 **SECTION 1.(aa)** Notwithstanding any other provision of law, beginning with the  
11 2021-2022 fiscal year, of the funds appropriated from the General Fund to the Board of  
12 Governors of The University of North Carolina for the Transforming Principal Preparation Grant  
13 Program established under G.S. 116-209.70, the sum of three million six thousand ninety-eight  
14 dollars (\$3,006,098) in recurring funds shall instead be appropriated to the Principal Fellows and  
15 TP3 Trust Fund established under G.S. 116-74.41B.

16 **SECTION 1.(bb)** Except as otherwise provided, this act is effective when it becomes  
17 law.