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SENATE BILL DRS35202-MKa-132

Short Title: Changes/Transform. Principal Prep. Program. (Public)

Sponsors: Senators Tillman, Ballard, and Horner (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE CHANGES TO THE MEMBERSHIP OF THE PRINCIPAL FELLOWS COMMISSION, TO CLARIFY THE AUTHORITY OF THE COMMISSION OVER THE TRANSFORMING PRINCIPAL PREPARATION PROGRAM AND VARIOUS OTHER CHANGES TO THE PROGRAM, AND TO TRANSFER THE FUNDS AND ADMINISTRATION OF INDIVIDUAL FORGIVABLE SCHOLARSHIP LOANS FROM THE PRINCIPAL FELLOWS PROGRAM TO THE PRINCIPAL FELLOWS AND TRANSFORMING PRINCIPAL PREPARATION GRANT PROGRAM.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** G.S. 116-74.41 reads as rewritten:

**"§ 116-74.41. North Carolina Principal Fellows Commission established; membership.**

(a) There is established the North Carolina Principal Fellows Commission. The Commission shall exercise its powers and duties independently of the Board of Governors of The University of North Carolina. Carolina in its administration of the Principal Fellows Program under this Article and the Transforming Principal Preparation Grant Program under Part 4 of Article 23 of this Chapter. The Director of the Principal Fellows Program shall staff the Commission. The State Education Assistance Authority (SEAA) as created in G.S. 116-203 shall be responsible for (i) implementing scholarship loan agreements, monitoring, cancelling through service, collecting and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with ~~G.S. 116-74.42~~. G.S. 116-74.42 and (ii) awarding grants for the Transforming Principal Preparation Grant Program upon the selection of the recipients by the Commission in accordance with G.S. 116-209.71.

(a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

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

- (1) One member of the Board of Governors of The University of North Carolina appointed by the chair of that board, notwithstanding G.S. 116-7(b).
- (2) One member of the State Board of Education appointed by the State Board chair.
- (3) ~~Two deans of schools~~ One dean of a school of education appointed by the President of The University of North Carolina.
- (3a) One dean of a school of education appointed by the President of the North Carolina Independent Colleges and Universities.
- (4) One public school teacher appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (5) One public school principal appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.



\* D R S 3 5 2 0 2 - M K A - 1 3 2 \*

- 1 (6) A local superintendent chosen by the State Superintendent of Public  
2 Instruction.
- 3 (7) One member to represent business and industry appointed by the Governor.
- 4 (8) One local school board member appointed by the chair of the State Board of  
5 Education.
- 6 (9) One ~~parent of a public school child~~ human resources expert from the public  
7 or private sector appointed by the State Superintendent of Public Instruction.
- 8 (10) The chairperson of the Board of the State Education Assistance Authority.
- 9 (11) The director of the Principal Fellows Program. The director shall chair the  
10 Commission.

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

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

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

24 (f) The Commission shall meet regularly, at times and places deemed necessary by the  
25 chair."

26 **SECTION 1.(b)** Notwithstanding G.S. 116-74.41, as amended by this act, the terms  
27 of the current members serving on the Principal Fellows Commission representing two deans of  
28 schools of education and a parent of a public school child shall expire July 1, 2019. The initial  
29 appointment of the (i) human resources expert, (ii) one dean of a school of education appointed  
30 by the President of The University of North Carolina, and (iii) one dean of a school of education  
31 appointed by the President of the North Carolina Independent Colleges and Universities to the  
32 Commission shall be made by August 1, 2019. The member appointed to represent a human  
33 resources expert shall serve for a term of four years to expire July 1, 2023. The member appointed  
34 to represent one dean of a school of education by the President of The University of North  
35 Carolina and the member appointed to represent one dean of a school of education by the  
36 President of the North Carolina Independent Colleges and Universities shall serve for terms of  
37 two years to expire July 1, 2021.

38 **SECTION 1.(c)** G.S. 116-74.42(a2) reads as rewritten:

39 "(a2) Use of Monies in the Trust Fund. – ~~Except as otherwise provided in subdivision (5)~~  
40 ~~of this subsection, the~~ The monies in the Trust Fund may be used only for the purposes set forth  
41 in this subsection, including (i) scholarship loans granted under the Principal Fellows Program,  
42 administrative costs, and costs associated with program operations in accordance with this  
43 Article. Article and (ii) beginning with the 2019-2020 fiscal year, the award of grants for the  
44 Transforming Principal Preparation Grant Program, established pursuant to G.S. 116-209.71,  
45 with any monies in the Trust Fund that are unencumbered due to a reduction in the number of  
46 scholarship loans awarded under the Principal Fellows Program. The Authority may ~~shall~~ also  
47 use up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the  
48 following:

- 49 (1) The Authority's Principal Fellows Program administrative costs, including  
50 recovery of funds advanced under the program.
- 51 (2) The salary and benefits of the ~~director~~ staff of the Principal Fellows Program.

- 1 (3) The expenses of the Commission for the Principal Fellows Program, including  
2 applicant recruitment.
- 3 (4) Funds provided to the Commission for Principal Fellows Program monitoring  
4 and evaluation and extracurricular enhancement activities for program  
5 recipients.
- 6 (5) The expenses of the Commission to administer the Transforming Principal  
7 Preparation Grant Program in accordance with Part 4 of Article 23 of this  
8 Chapter."

9 **SECTION 2.(a)** G.S. 116-209.70 reads as rewritten:

10 **"§ 116-209.70. Purpose and definitions.**

11 (a) Purpose. – The purpose of this Part is to establish the Transforming Principal  
12 Preparation Grant Program as a competitive grant program for eligible entities to elevate  
13 educators in North Carolina public schools by transforming the preparation of principals across  
14 the ~~State.~~ State and providing for forgivable scholarship loans to the participants of those school  
15 leader preparation programs. The Authority shall administer this Program in collaboration with  
16 the North Carolina Principal Fellows Commission to provide funds for the preparation and  
17 support of highly effective future school principals in North Carolina.

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

19 ...

- 20 (3) High-need school. – A public ~~school, including a charter school,~~ school that  
21 meets one or more of the following criteria:
- 22 a. Is a school identified under Part A of Title I of the Elementary and  
23 Secondary Education Act of 1965, as amended.
- 24 b. Is a persistently low-achieving school, as identified by the Department  
25 of Public Instruction for purposes of federal accountability.
- 26 c. A middle school containing any of grades five through eight that feeds  
27 into a high school with less than a ~~sixty-seventy-five percent (60%)~~  
28 (75%) four-year cohort graduation rate.
- 29 d. A high school with less than a ~~sixty-seventy-five percent (60%)-(75%)~~  
30 (75%) four-year cohort graduation rate.

31 ...

32 (5a) Public school. – An elementary or secondary school located in North Carolina  
33 that is operated by a local board of education, charter school board of  
34 directors, regional school board of directors, chancellor for a University of  
35 North Carolina laboratory school, an innovative school operator, or the United  
36 States government.

37 ...."

38 **SECTION 2.(b)** G.S. 116-209.71(b) reads as rewritten:

39 "(b) Collaboration with the Commission for Administration. – The Authority shall  
40 collaborate with the Commission for the administration of the Program, including the  
41 Commission ~~making recommendations to (i) selecting grant recipients and notifying the~~  
42 Authority for the award of grants, the grants and (ii) monitoring the implementation of forgivable  
43 scholarship loans to school leader preparation program participants, as authorized by this Part."

44 **SECTION 2.(c)** G.S. 116-209.72 reads as rewritten:

45 **"§ 116-209.72. Grant applications; priority.**

46 (a) Application Requirements. – Subject to the availability of funds for this purpose, the  
47 Commission shall issue a request for proposal with guidelines and criteria for applying for a  
48 grant. An eligible entity that seeks a grant under the Program shall submit to the Commission an  
49 application at such time, in such manner, and accompanied by such information as the  
50 Commission may require. Eligible entities may create partnerships to develop and establish

1 school leader preparation programs and apply jointly to be a grant recipient. An applicant shall  
 2 include at least the following information in its application for consideration by the Commission:

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

38 ...."

39 **SECTION 2.(d)** G.S. 116-209.73 reads as rewritten:

40 **"§ 116-209.73. Recipient selection; use of grant funds; duration and conditions of grants;  
 41 reporting requirements.**

42 (a) Selection. – After evaluation of grant applications pursuant to G.S. 116-209.72, the  
 43 Commission shall ~~recommend to notify~~ the Authority of its selection of the recipients of grants  
 44 under the Program for each fiscal year. The Commission shall select up to eight grant recipients  
 45 to be operating a school leader preparation program with grant funds in any fiscal year.

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

- 48 (1) Recruiting and selecting, based on a rigorous evaluation of the competencies  
 49 of the school leader candidates participating in the program and their potential  
 50 and desire to become effective school leaders.

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

promissory notes between the Authority and program participants containing the terms of for forgivable loans to program participants, scholarship loans, including requirements for forgiveness or repayment, shall be consistent with requirements established by the Commission and the provisions of G.S. 116-74.43. Requirements are subject to the approval of the Commission. G.S. 116-209.76. The Commission shall monitor the repayment of a forgivable scholarship loan, in collaboration with grantees.

- (2) In evaluating performance for purposes of grant renewal and making ~~recommendations~~ its renewal decisions to provide to the Authority, the Commission shall consider at least the following:
- a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.
  - b. Other criteria from data received in the annual report in subsection (d) of this section may include the following:
    1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.
    2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

...."

**SECTION 2.(e)** Part 4 of Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

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

(a) Notes. – All forgivable scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The funds from the forgivable scholarship loan shall be disbursed directly to the grantee on behalf of the recipient for participation in the school leader preparation program. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the Commission or the grantee.

(b) Forgiveness. – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of twenty thousand dollars (\$20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The Commission, in collaboration with the grantees, shall monitor the acceptability of service repayment agreements and compliance of the recipient with the agreement. The Commission shall notify the Authority of any relevant information or change in the circumstances pertaining to the recipient impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the Commission finds it is impossible for the recipient to work for four years as a school administrator, within seven years after completion of the preparation program supported by the loan, because of the death or permanent disability of the recipient. If the recipient repays the

1 forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid  
2 within 12 years after completion of the school leader preparation program supported by the loan.  
3 If the recipient completes the school leader preparation program, payment of principal and  
4 interest shall begin no later than 27 months after the completion of the program. Should a  
5 recipient present extenuating circumstances, the Authority may extend the period to repay the  
6 forgivable scholarship loan in cash to no more than a total of 15 years."

7 **SECTION 3.(a)** Article 5C of Chapter 116 of the General Statutes is repealed.

8 **SECTION 3.(b)** Part 4 of Article 23 of Chapter 116 of the General Statutes, as  
9 amended by Section 2 of this act, reads as rewritten:

10 "Part 4. The Principal Fellows and Transforming Principal Preparation Grant Program.

11 **"§ 116-209.70. Purpose and definitions.**

12 (a) Purpose. – The purpose of this Part is to establish the Principal Fellows and  
13 Transforming Principal Preparation Grant Program as a competitive grant program for eligible  
14 entities to elevate educators in North Carolina public schools by transforming the preparation of  
15 principals across the State and providing for forgivable scholarship loans to the participants of  
16 those school leader preparation programs. The Authority shall administer this Program in  
17 collaboration with the North Carolina Principal Fellows and TP3 Commission to provide funds  
18 for the preparation and support of highly effective future school principals in North Carolina.

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

20 (1) Commission. – The North Carolina Principal Fellows and TP3 Commission  
21 established pursuant to G.S. 116-74.41-G.S. 116-209.71.

22 ...

23 (5) Program. – Principal Fellows and Transforming Principal Preparation Grant  
24 Program established pursuant to this Part.

25 ...

26 (8) TP3. – Transforming Principal Preparation Program.

27 (9) Trust Fund. – The North Carolina Principal Fellows and TP3 Trust Fund  
28 established pursuant to G.S. 116-209.75.

29 **"§ 116-209.71. Principal Fellows and Transforming Principal Preparation Grant Program**  
30 **established; Commission established; administration.**

31 (a) Program Authorized. – The Authority shall award grants through the Principal  
32 Fellows and Transforming Principal Preparation Grant Program to eligible entities to support  
33 programs that develop well-prepared school leaders in accordance with the provisions of this  
34 Part. The Authority shall establish any necessary rules to administer the Program.

35 (b) Collaboration with the Commission for Administration. – The Authority shall  
36 collaborate with the North Carolina Principal Fellows and TP3 Commission established under  
37 this section for the administration of the Program, including the Commission (i) selecting grant  
38 recipients and notifying the Authority for the award of the grants and (ii) monitoring the  
39 implementation of forgivable scholarship loans to school leader preparation program  
40 participants, as authorized by this Part. The Commission shall also coordinate with grant  
41 recipients to provide extracurricular enhancement activities for program participants.

42 (c) Establishment of the Commission. – The Commission shall be established as follows:

43 (1) The Commission shall be administratively housed at North Carolina State  
44 University. The Commission shall exercise its powers and duties  
45 independently in its administration of the Program. The Director of the  
46 Program appointed pursuant to G.S. 116-209.76 shall staff the Commission.

47 (2) The Commission shall consist of 12 members appointed as follows:

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

- 1            b. One member of the State Board of Education appointed by the State  
 2            Board chair.  
 3            c. One dean of a school of education appointed by the President of The  
 4            University of North Carolina.  
 5            d. One dean of a school of education appointed by the President of the  
 6            North Carolina Independent Colleges and Universities.  
 7            e. One public school teacher appointed by the General Assembly upon  
 8            the recommendation of the President Pro Tempore of the Senate.  
 9            f. One public school principal appointed by the General Assembly upon  
 10           the recommendation of the Speaker of the House of Representatives.  
 11           g. A local superintendent chosen by the Superintendent of Public  
 12           Instruction.  
 13           h. One member to represent business and industry appointed by the  
 14           Governor.  
 15           i. One local school board member appointed by the chair of the State  
 16           Board of Education.  
 17           j. One human resources expert from the public or private sector  
 18           appointed by the Superintendent of Public Instruction.  
 19           k. The chairperson of the Board of the State Education Assistance  
 20           Authority.  
 21           l. The director of the Program. The director shall chair the Commission.  
 22           (3) All appointments to the Commission shall be for four-year terms.  
 23           (4) Except as otherwise provided, if a vacancy occurs in the membership, the  
 24           appointing authority shall appoint another person to serve for the balance of  
 25           the unexpired term. In the discretion of the appointing authority, a State Board  
 26           of Education member or a member of the Board of Governors of The  
 27           University of North Carolina may complete a term on the Commission after  
 28           the member's appointment from the appointing board has expired.  
 29           (5) Commission members shall receive per diem, subsistence, and travel  
 30           allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.  
 31           (6) The Commission shall meet regularly, at times and places deemed necessary  
 32           by the chair.

33 ...

34 **"§ 116-209.75. Funds for administration. Trust Fund; use of monies in the Fund.**

35           (a) The North Carolina Principal Fellows and TP3 Trust Fund shall be an institutional  
 36 trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received  
 37 by, the Trust Fund for the award of grants; all funds received as repayment of forgivable  
 38 scholarship loans, including funds from the repayment of scholarship loans under the former  
 39 Principal Fellows Program administered under Article 5C of this Chapter; and all interest earned  
 40 on these funds shall be placed in the Trust Fund.

41           (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
 42 to award grants under the Program, administrative costs, and costs associated with Program  
 43 operations in accordance with this Part. The Authority may use up to ~~twenty thousand dollars~~  
 44 ~~(\$20,000) each fiscal year from two percent (2%) of the funds appropriated for the Program each~~  
 45 ~~fiscal year for its administrative costs. The Authority shall allocate up to eight hundred thousand~~  
 46 ~~dollars (\$800,000) from the Trust Fund to the Commission each fiscal year for the following:~~

- 47           (1) The Authority shall provide for the expenses of the Commission to administer  
 48           the Program pursuant to G.S. 116-74.42(a2).Program.  
 49           (2) The salary and benefits of Program staff.  
 50           (3) Program monitoring and evaluation and extracurricular enhancement  
 51           activities for program participants.



1 ...

2 **"§ 116-209.77. Staff to the Commission.**

3 The Commission shall appoint a director of the Principal Fellows and Transforming Principal  
4 Preparation Grant Program. The director shall chair and staff the Commission and shall  
5 administer the extracurricular enhancement activities of the Program. North Carolina State  
6 University shall provide office space and clerical support staff for the Program."

7 **SECTION 3.(c)** G.S. 116-204 reads as rewritten:

8 **"§ 116-204. Powers of Authority.**

9 The Authority is hereby authorized and empowered:

10 ...

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

14 **SECTION 3.(d)** Article 23 of Chapter 116 of the General Statutes is amended by  
15 adding a new section to read:

16 **"§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows**  
17 **Program.**

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

22 (b) All funds received by the Authority in association with its administration of the  
23 Principal Fellows Program, including all funds received as repayment of scholarship loans and  
24 all interest earned on these funds, shall be deposited into the North Carolina TP3 and Principal  
25 Fellows Trust Fund established in G.S. 116-209.75."

26 **SECTION 3.(e)** G.S. 120-123(59a) reads as rewritten:

27 "(59a) The North Carolina Principal Fellows and TP3 Commission established by  
28 G.S. 116-74.41-G.S. 116-209.71."

29 **SECTION 3.(f)** Notwithstanding any other provision of law, beginning with the  
30 2021-2022 fiscal year, of the funds appropriated from the General Fund to the Principal Fellows  
31 Trust Fund established under G.S. 116-74.42 each fiscal year, the sum of three million two  
32 hundred fifty-eight thousand dollars (\$3,258,000) in recurring funds shall instead be appropriated  
33 to the Principal Fellows and TP3 Trust Fund established under G.S. 116-209.75, as amended by  
34 this act, to be used to award grants for the Principal Fellows and Transforming Principal  
35 Preparation Grant Program.

36 **SECTION 3.(g)** Notwithstanding any other provision of law, beginning with the  
37 2021-2022 fiscal year, of the funds appropriated from the General Fund to the Board of  
38 Governors of The University of North Carolina for the Transforming Principal Preparation Grant  
39 Program each fiscal year, the sum of four million five hundred eighty thousand dollars  
40 (\$4,580,000) in recurring funds shall instead be appropriated to the Principal Fellows and TP3  
41 Trust Fund established under G.S. 116-209.75, as amended by this act, to be used to award grants  
42 for the Principal Fellows and Transforming Principal Preparation Grant Program.

43 **SECTION 3.(h)** Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5 of  
44 S.L. 2017-57 and amended by Section 10A.4 of S.L. 2018-5, Section 2(d) of S.L. 2018-145, and  
45 Section 4 of this act, is repealed.

46 **SECTION 4.** Notwithstanding any other provision of law, the Office of State Budget  
47 and Management shall transfer the unexpended balance in the Principal Fellows Trust Fund  
48 established under G.S. 116-74.42 to the Principal Fellows and TP3 Trust Fund established under  
49 G.S. 116-209.75, as amended by this act. The North Carolina Principal Fellows Commission  
50 shall make final scholarship loan awards for the 2021 spring academic semester prior to the  
51 transfer of the cash balance from the Principal Fellows Trust Fund.

1           **SECTION 5.** Notwithstanding G.S. 116-209.71, as amended by this act, and Article  
2 5C of Chapter 116 of the General Statutes, the members serving on the Principal Fellows  
3 Commission as of July 1, 2021, who were appointed pursuant to G.S. 116-74.41, shall serve the  
4 remainder of their terms as members of the Principal Fellows and TP3 Commission established  
5 pursuant to G.S. 116-209.71. As the terms of the members serving on the Principal Fellows and  
6 TP3 Commission in accordance with this section expire, or when a vacancy occurs prior to the  
7 expiration of a term, members on the Commission shall be appointed in accordance with  
8 G.S. 116-209.71.

9           **SECTION 6.** Sections 1 and 2 of this act become effective July 1, 2019, and apply  
10 to the administration of the Transforming Principal Preparation Grant Program and the award of  
11 grants under the Program on or after that date. Section 3 of this act becomes effective July 1,  
12 2021. Section 4 of this act becomes effective June 30, 2021. The remainder of this act becomes  
13 effective when the act becomes law.