

Article 5C.

North Carolina Principal Fellows Program.

§ 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 in its administration of the North Carolina Principal Fellows Program in accordance with this Article. The Director of the Program shall staff the Commission in accordance with G.S. 116-74.49. The State Education Assistance Authority as created in G.S. 116-203 shall be responsible for awarding grants upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48.

(a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

(b) The Commission shall consist of 15 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) 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.
- (6) A local superintendent chosen by the State Superintendent of Public Instruction.
- (7) One member to represent business and industry appointed by the Governor.
- (8) One local school board member appointed by the chair of the State Board of Education.
- (9) One human resources expert from the private sector appointed by the State Superintendent of Public Instruction.
- (10) The chair of the Board of the State Education Assistance Authority, or the chair's designee.
- (11) The director of the Program. The director shall chair the Commission.
- (12) The Executive Director of the North Carolina Principals and Assistant Principals' Association or his or her designee.
- (13) The President of the Personnel Administrators of North Carolina or his or her designee.
- (14) The President and Chief Executive Officer of North Carolina Business Leaders for Education (BEST NC) or his or her designee.

(c) All appointments to the Commission shall be for four-year terms.

(d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. In the discretion of the appointing authority, a State Board of Education member or a member of the

Board of Governors of The University of North Carolina may complete a term on the Commission after the member's appointment from the appointing board has expired.

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

(f) The initial meeting of the Commission shall be called by the member of the Board of Governors of The University of North Carolina appointed under subdivision (1) of subsection (b) of this section and the director shall be appointed by the Commission at the initial meeting. Thereafter, the Commission shall meet regularly, at times and places deemed necessary by the chair. (1993, c. 321, s. 85(a); 2006-203, s. 51.2; 2018-5, s. 10A.3(a); 2019-60, s. 1(l), (w); 2022-71, s. 3.4(b).)

§ 116-74.41A. Definitions.

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

- (1) Authority or SEAA. – The State Education Assistance Authority as created in G.S. 116-203.
- (2) Commission. – The North Carolina Principal Fellows Commission.
- (3) Eligible entity. – A for-profit or nonprofit organization or an institution of higher education that has an evidence-based plan for preparing school leaders who implement school leadership practices linked to increased student achievement.
- (4) High-need local school administrative unit. – A local school administrative unit with the majority of its schools deemed to be high-need schools as defined in subdivision (5) of this subsection.
- (5) High-need school. – A public school that meets one or more of the following criteria:
 - a. Is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
 - b. Is a persistently low-achieving school, as identified by the Department of Public Instruction for purposes of federal accountability.
 - c. A middle school containing any of grades five through eight that feeds into a high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
 - d. A high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
- (6) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- (7) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.
- (8) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- (9) Program. – The North Carolina Principal Fellows Program established pursuant to G.S. 116-74.44.
- (10) Public school. – An elementary or secondary school located in North Carolina that is operated by a local board of education, charter school board of directors, regional school board of directors, chancellor for a University of North Carolina laboratory school, an innovative school operator, or the United States government.

- (11) School leader. – An individual employed in a school leadership role, including principal or assistant principal roles.
- (12) Student achievement. – At the whole school level, after three years of leading a school, consistent and methodologically sound measures of:
 - a. Student academic achievement.
 - b. Aggregated individual student academic growth.
 - c. Additional outcomes, such as high school graduation rates, the percentage of students taking advanced-level coursework, or the percentage of students who obtain a career-related credential through a national business certification exam.
- (13) Trust Fund. – The North Carolina Principal Fellows Trust Fund established pursuant to G.S. 116-74.41B. (2019-60, s. 1(l), (x); 2022-71, s. 3.4(c).)

§ 116-74.41B. The North Carolina Principal Fellows Trust Fund.

(a) Trust Fund Established. – The North Carolina Principal Fellows Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, (i) the Program for the award of grants pursuant to G.S. 116-74.44, (ii) all funds received as repayment of scholarship loans, including under the former Principal Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation Program under G.S. 116-209.77, and (iii) all interest earned on these funds shall be placed in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including the award of grants pursuant to G.S. 116-74.44, administrative costs, and costs associated with Program operations in accordance with this Article. The Authority may use up to two percent (2%) of the funds appropriated for the Program or one hundred sixty thousand dollars (\$160,000) from the Trust Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- (1) The salary and benefits of the director and staff of the Program.
- (2) The expenses of the Commission to administer the Program.
- (3) Program monitoring and evaluation.
- (4) Extracurricular enhancement activities for the Program.
- (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021. (2019-60, s. 1(l), (y); 2022-71, s. 3.4(d).)

§ 116-74.42. Repealed by Session Laws 2019-60, s. 1(s), effective July 1, 2021.

§ 116-74.43. Repealed by Session Laws 2019-60, s. 1(s), effective July 1, 2021.

§ 116-74.44. North Carolina Principal Fellows Program established; administration.

(a) Established. – There is established the North Carolina Principal Fellows Program as a competitive grant program for eligible entities for the purpose of elevating educators in North Carolina public schools by transforming the preparation of principals across the State and providing for forgivable scholarship loans to the participants of those school leader preparation programs. The Authority shall administer the North Carolina Principal Fellows Program in

collaboration with the Commission as set forth in this Article to provide funds for the preparation and support of highly effective future school principals in North Carolina.

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

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

(d) Prior Loan Monitoring. – The Authority, in collaboration with Commission, shall also monitor the implementation of forgivable scholarship loans to school leader preparation program participants executed pursuant to G.S. 116-209.77, and the Authority shall administer all outstanding forgivable scholarship loans previously awarded and subject to repayment under the former Transforming Principal Preparation Program administered pursuant to Part 4 of Article 23 of this Chapter. (2019-60, s. 1(l), (z); 2022-71, s. 3.4(e).)

§ 116-74.45. Grant applications; priority.

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

- (1) The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.
- (2) The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
 - a. A proactive, aggressive, and intentional recruitment strategy.
 - b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the public school level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.
 - c. Alignment to high-quality national standards for school leadership development.

- d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.
- e. Full-time paid clinical practice of at least five months and 750 hours in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.
- f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.
- g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.
- h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.
- i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.
- j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

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

- (1) Improvement in student achievement.
- (2) Placement as school leaders in eligible schools.
- (3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.
- (4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.
- (5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs. (2019-60, s. 1(l).)

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

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

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

- (1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.
- (2) Operating a school leader preparation program that provides the opportunity for all candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure by doing the following:

- a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion that prepares candidates to do the following:
 - 1. Provide instructional leadership, such as developing teachers' instructional practices and analyzing classroom and school-wide data to support teachers.
 - 2. Manage talent, such as developing a high-performing team.
 - 3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners; maintaining active engagement with family and community members; and ensuring student safety.
 - 4. Develop organizational practices, such as aligning staff, budget, and time to the instructional priorities of the school.
 - b. Providing opportunities for sustained and high-quality job-embedded practice in an authentic setting where candidates are responsible for moving the practice and performance of a subset of teachers or for school-wide performance as principal-in-planning or interim school leaders.
- (3) Collecting data on program implementation and program completer outcomes for continuous program improvement.
 - (4) Covering the cost of attendance and completion for program participants for the school leader preparation program from the funds received on behalf of program participants through forgivable scholarship loans issued in accordance with the requirements of G.S. 116-74.48.
- (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority of its decisions on the duration and renewal of grants to eligible entities made in accordance with the following:
- (1) The duration of grants shall be as follows:
 - a. Grants shall be no more than six years and no fewer than two years in duration, unless the Commission finds early termination of a grant is necessary due to noncompliance with grant terms.
 - b. The Commission may renew a grant based on compliance with the grant terms and performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (3) of this subsection.
 - (2) The following conditions shall apply during the grant period:
 - a. The Commission shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities.
 - b. The Commission shall develop and enforce requirements for the disbursement of funds to the grantee for forgivable scholarship loans on behalf of program participants, which shall include the requirement that program graduates serve as school-based administrators in public schools located in North Carolina. Grantees shall facilitate the execution of promissory notes between the Authority and program participants

containing the terms for forgivable scholarship loans, including requirements for forgiveness or repayment, consistent with requirements established by the Commission and the provisions of G.S. 116-74.48. The Commission shall monitor the repayment of a forgivable scholarship loan, in collaboration with the Authority and grantees.

- (3) In evaluating performance for purposes of grant renewal and making 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.

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

- (1) Student achievement in eligible schools.
- (2) The percentage of program completers who are placed as school leaders within three years in the State.
- (3) The percentage of program completers who are placed as school leaders within three years in high-need schools in the State.
- (4) The percentage of program completers rated proficient or above on school leader evaluation and support systems.
- (5) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement. (2019-60, s. 1(I); 2020-49, s. 9(a).)

§ 116-74.47. Reports.

The Commission shall provide the State Board of Education, the Authority, and the Joint Legislative Education Oversight Committee with the data collected from grant recipients in accordance with G.S. 116-74.46 on an annual basis. (2019-60, s. 1(I).)

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

(a) Notes. – A program participant shall be eligible for a forgivable scholarship loan in the amount of up to 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. All forgivable scholarship loans for school leader preparation program participants 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 Through Service. – 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, in any combination of the following for every year of service:

- (1) If the school administrator serves one year at a school that qualifies as a high-need school under G.S. 116-74.41A at the time the school administrator accepts employment at the school or, if the school administrator changes employment during this period at another high-need school, then the recipient shall have fifty percent (50%) of the total amount of the loans forgiven.
- (2) If the school administrator serves one year at a school that does not qualify as a high-need school under G.S. 116-74.41A, then the recipient shall have twenty-five percent (25%) of the total amount of the loans forgiven.

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

(c) Repayment Period. – The Authority, in collaboration with the Commission and 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 forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid within 10 years after completion of the school leader preparation program supported by the loan. If the recipient completes the school leader preparation program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the forgivable scholarship loan in cash to no more than a total of 12 years. (2019-60, s. 1(l).)

§ 116-74.49. Staff to the Commission.

The Commission shall appoint a director of the North Carolina Principal Fellows Program. The director shall chair and staff the Commission and shall administer the extracurricular enhancement activities of the Program. The University of North Carolina System Office shall provide office space for the Program. The office space shall not be located on the campus of a constituent institution. (2019-60, s. 1; 2022-71, s. 3.4(f).)