

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 566

Short Title: Principal Fellows Changes. (Public)

Sponsors: Representatives Cotham, Blackwell, Biggs, and Willis (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - K-12, if favorable, State and Local Government, if favorable, Rules,
Calendar, and Operations of the House

March 31, 2025

A BILL TO BE ENTITLED
AN ACT TO MAKE VARIOUS CHANGES TO THE PRINCIPAL FELLOWS PROGRAM.
The General Assembly of North Carolina enacts:

PART I. ESTABLISH DEVELOPMENT GRANTS FOR PRINCIPAL FELLOWS PROGRAM

SECTION 1. Article 5C of Chapter 116 of the General Statutes reads as rewritten:
"Article 5C.

"North Carolina Principal Fellows Program.

"§ 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 (i) forgivable scholarship loans to the participants of those school leader preparation programs, programs and (ii) grants to school leader preparation programs to develop innovative ways of training principals. 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.

(c) Administration of Forgivable Scholarship Loans. – Upon the ~~grant recipients' selection~~ selection by grant recipients for forgivable scholarship loans 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.

"§ 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.~~ grants to provide forgivable scholarship loans and develop innovative ways of training principals. 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:

...
"§ 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~~ operate a school leader preparation program with grant funds for forgivable scholarship loans in any fiscal ~~year-year~~ and up to two recipients for a grant of up to two hundred fifty thousand dollars (\$250,000) per recipient per fiscal year to develop innovative ways of training principals.

(b) ~~Use of Funds.~~ Grant Funds for Forgivable Scholarship Loans. – Each eligible entity that receives grant funds for forgivable scholarship loans shall use those funds to carry out the following:

...
(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 for forgivable scholarship loans 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.

(1a) The duration of grants for training development shall be for one year. The Commission may renew a grant for training development, in its discretion, on an annual basis.

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(3) In evaluating performance for purposes of grant renewal and making its renewal decisions to provide to the ~~Authority,~~ Authority pursuant to subdivision (1) of this subsection, the Commission shall consider at least the following:

...
(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, data related to grants for forgivable scholarship loans,~~ 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.

...."

PART II. PRINCIPAL FELLOWS PROGRAM MAY USE ADMINISTRATIVE FUNDS FOR STATEWIDE PROGRAMMING

SECTION 2. G.S. 116-74.41B reads as rewritten:

"§ 116-74.41B. The North Carolina Principal Fellows 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.
- (6) Programming on research-based school leadership practices to be shared with eligible entities in order to improve principal preparation throughout the State.

(c) Remaining Funds. – If at the end of each fiscal year there are funds remaining in the Trust Fund that are not obligated or otherwise encumbered for another purpose, upon the request of the Commission, the Authority shall allocate the funds to the Commission for any of the purposes identified in subdivisions (3) through (6) of subsection (b) of this section."

PART III. EFFECTIVE DATE

SECTION 3. This act becomes effective July 1, 2025.