



# SENATE BILL 227: TP3/Principal Fellows Consolidation.

2019-2020 General Assembly

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<b>Committee:</b>		<b>Date:</b>	December 16, 2019
<b>Introduced by:</b>		<b>Prepared by:</b>	Samantha Yarborough Staff Attorney
<b>Analysis of:</b>	S.L. 2019-60		

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**OVERVIEW:** *S.L. 2019-60 does the following:*

- *Maintains the existing administration of the Transforming Principal Preparation Program (TP3) for current grant recipients until 2021.*
- *Expands the Principal Fellows Commission to include the TP3.*
- *Repeals the Principal Fellows Program in 2021.*

*The repeal of the scheduled transfer of the existing TP3 to the Principal Fellows Commission became effective June 30, 2019. The existing TP3 will be repealed July 1, 2021. The elimination of the Principal Fellows Program and corresponding changes become effective July 1, 2021. The remainder of the act became effective June 27, 2019.*

**CURRENT LAW:** The Principal Fellows Program, as set out in Article 5C of Chapter 116 of the General Statutes, provides two-year scholarship loans and extracurricular enhancement activities to participants who attend principal preparation programs in North Carolina. Participants can complete four years of service within six years after graduation as a school administrator in North Carolina to avoid repayment on the loans.

The Principal Fellows Program is governed by the North Carolina Principal Fellows Commission, which is chaired by the director of the program and made up of twelve members. All funds for the program are held in the Principal Fellows Trust Fund.

The Transforming Principal Preparation Grant Program (TP3) was established by Sec. 11.9 of S.L. 2015-241 and was later codified in Part 4 of Article 23 of Chapter 116 of the General Statutes. The TP3 awards grants to qualifying entities that prepare principals in North Carolina. TP3 is administered by a nonprofit entity selected by the State Education Assistance Authority (SEAA).

Sec. 2 of S.L. 2018-145 requires the TP3 to be transferred to the control of the Principal Fellows Commission as of July 1, 2019.

## **BILL ANALYSIS:**

### **Maintain Existing Administration of the Transforming Principal Preparation Program for Current Grant Recipients Until 2021**

Sections 1.(a) – 1.(k) of the act maintain the administration of the existing TP3 until 2021 for current grant recipients.

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# Senate Bill 227

Page 2

Section 1.(a) repeals the transfer of the TP3 to the Principal Fellows Commission that is otherwise required to take place July 1, 2019.

Section 1.(b) allows the nonprofit contracted to administer the TP3 to continue to enter into and execute new contracts, but it prohibits the nonprofit from awarding new grants or renewing existing grants.

Section 1.(c) requires the nonprofit to transfer data to the new Principal Fellows and TP3 Commission by 2021.

Section 1.(d) reduces the allocation to SEAA for the current TP3 grantees in 2020-2021 from \$4.2 million to \$2.5 million to account for grants that will expire.

Sections 1.(e) – (f) modify the provisions related to the existing TP3 grantees. Grantees are required to facilitate the execution of promissory notes between SEAA and the program participants for forgivable scholarship loans.

Section 1.(g) authorizes SEAA to use up to \$130,000 for administrative costs for the 2019-2020 and 2020-2021 fiscal years. Additionally, it creates the terms for forgivable scholarship loans of up to \$40,000 to be offered to TP3 participants. The loans can be forgiven through service as a school administrator in North Carolina. For every year of service at a high-need school, the school administrator will have 50% of the total loan amount forgiven. For every year of service at a North Carolina public school that is not a high-need school, the school administrator will have 25% of the total loan amount forgiven.

Sections 1.(h) – (k) repeal the existing TP3 as of July 1, 2021.

## **Expand the Principal Fellows Commission to Include TP3**

Sections 1.(l) – (r) of the act expand the Principal Fellows Commission to include TP3, creating the new North Carolina Principal Fellows and TP3 Commission.

Sections 1.(l) – (m) rename the North Carolina Principal Fellows Commission as the North Carolina Principal Fellows and TP3 Commission (Commission). Additionally, they do the following:

- Add 3 members to the Commission, to make a total of 15.
- Define various terms associated with the North Carolina Principal Fellows and Transforming Principal Preparation Program (Program).
- Establish the Principal Fellows and TP3 Trust Fund, and authorizes SEAA to use up to 2% of the funds appropriated to the Program or \$160,000 (whichever is greater) for administrative costs.
- Authorize the Commission to appoint the director of the Principal Fellows Program.
- Establish the new TP3 with a recodification of the existing TP3 statutes under Article 5C of Chapter 116, as well as create a forgivable scholarship loan program as described above.
- Require the Commission to develop and enforce requirements related to disbursement of forgivable scholarship loans.
- Require the Commission to be administratively housed in The University of North Carolina System Office, but not on the campus of a constituent institution.
- Make various conforming changes.

Section 1.(n) requires the new Commission members added under Section 1.(l) to be appointed by August 1, 2019.

# Senate Bill 227

Page 3

Section 1.(o) authorizes existing TP3 grantees to apply to the Commission for grant renewal. Additionally, existing TP3 grantees with grants extending beyond July 1, 2021, are subject to the provisions of Article 5C of Chapter 116 for the remainder of the grant, rather than Part 4 of Article 23. Eligibility for forgivable scholarship loans will apply beginning with program participants starting on or after June 1, 2020.

Section 1.(p) requires the Office of State Budget and Management to transfer the unexpended balance of the Principal Fellows Trust Fund to the new Principal Fellows and TP3 Trust Fund.

Section 1.(q) appropriates, beginning with the 2019-2020 fiscal year, \$3,258,000 to the Principal Fellows and TP3 Trust Fund instead of the Principal Fellows Trust Fund.

Section 1.(r) appropriates, beginning with the 2020-2021 fiscal year, \$1,573,902 to the Principal Fellows and TP3 Trust Fund instead of the Board of Governors of The University of North Carolina.

## **Repeal the Principal Fellows Program in 2021**

Sections 1.(s) – (aa) of the act eliminate the Principal Fellows Program starting July 1, 2021, and make conforming changes in law.

Section 1.(s) repeals the Principal Fellows program effective July 1, 2021.

Section 1.(t) authorizes the Commission to make its final scholarship loan awards for the Principal Fellows Program for the 2021 spring academic semester.

Section 1.(u) makes conforming changes to remove references to the Principal Fellows Program.

Section 1.(v) requires SEAA to administer outstanding scholarship loans previously awarded by the Principal Fellows Program.

Sections 1.(w) – (z) make various conforming changes.

Section 1.(aa) appropriates beginning with the 2021-2022 fiscal year, \$3,006,098 to the Principal Fellows and TP3 Trust Fund instead of to the Board of Governors of The University of North Carolina.

**EFFECTIVE DATE:** The repeal of the scheduled transfer of the existing TP3 to the Principal Fellows Commission became effective June 30, 2019. The existing TP3 will be repealed July 1, 2021. The elimination of the Principal Fellows Program and corresponding changes become effective July 1, 2021. The remainder of the act became effective June 27, 2019.

**BACKGROUND:** There are currently five TP3 grantees administered by the N.C. Alliance for School Leadership Development: High Point University (grant expiring in 2021), North Carolina State University (grant expiring in 2020), Sandhills Regional Education Consortium (grant expiring in 2021), University of North Carolina-Greensboro (grant expiring in 2022), and Western Carolina University (grant expiring in 2020).

*\*Brian Gwyn, Staff Attorney with the Legislative Analysis Division, substantially contributed to this summary.*