

participations in obligations acquired under this section. From time to time, and at least at the close of each fiscal year, the Commissioner shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amount of appropriations paid into the fund as capital for loans under this section less than average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the average market yield during the month preceding each fiscal year on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund. Interest payments may be deferred with approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. The Commissioner also from time to time (not less often than annually) transfer from the fund, to the credit of the appropriation (current at the time of such transfer) for salaries and expenses of the Office of Education, an amount that in his judgment constitutes a reasonable estimate of the normal administrative expenses of the Office incurred, or to be incurred, in connection with operations of the Commissioner under this section during the period covered by the transfer. If at any time the Commissioner determines that moneys in the funds exceed the present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury."

(2) Section 201 of the National Defense Education Act of 1958 is amended by striking out the last sentence and substituting therefor the following: "Sums appropriated under this section shall be available (1) in accordance with agreements between the Commissioner and institutions of higher education, for payment of Federal capital contributions which, together with contributions from the institutions, shall be used for establishment and maintenance of student loan funds in accordance with agreements pursuant to section 204, and (2) to the extent determined by the Commissioner not to be required for the foregoing purpose, for payments into the loan fund established by section 207 (d)."

(3) Section 208 of such Act is amended by substituting "title" for "subsection" in the parenthetical phrase.

(b) (1) Section 202 of the National Defense Education Act of 1958 (relating to allotments of appropriations among States), as amended by section 451 of this Act, is further amended by inserting "(for payment as Federal capital contributions or as loans to institutions under section 207)" after "the Commissioner shall lot to each State" in the first sentence of subsection (a), and by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

"(b) Funds available in any fiscal year for payments to institutions under this title (whether as Federal capital contributions or as loans to institutions under section 207) which are in excess of the amount appropriated pursuant to section 201 for that year shall be allotted among the States in such manner as the Commissioner determines will best carry out the purpose of this Act."

(2) Section 203 of such Act (relating to the payment of Federal capital contributions to institutions), including the heading thereof, is amended to read as follows:

"DISTRIBUTION AMONG INSTITUTIONS OF FEDERAL CAPITAL CONTRIBUTIONS AND INSTITUTIONAL LOANS

"SEC. 203. (a) The Commissioner shall from time to time set dates by which institutions of higher education in a state must file applications for Federal capital contributions, and for loans pursuant to section 207, from the allotment of such State under section 202(a). In the event the total requested in such applications (which meet the requirements established in regulations of the Commissioner) exceeds the amount of such allotment of such State available for such purpose, the total of the Federal capital contributions and loans from such allotment to each such institution shall bear the same ratio to the amount requested in its application as the amount of such allotment available for such purpose bears to the total requested in all such applications. In the event the total requested in such applications which are made by institutions in a State is less than the amount of the allotment of such State available for such purpose, the Commissioner may reallocate the remaining amount from time to time, on such date or dates as the Commissioner may fix, to other States in proportion to the original allotments to such States under section 202 for such year.