

The Sallie Mae Fund - Serving Charity or Promoting Business?

The Consumer Warning Network

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... The arrangements provide a glimpse into the secretive world of charitable giving and spending directed by donors and subsidized by taxpayers through loosely regulated donor-advised charitable funds like the one created and used by the Sallie Mae corporate family.

Last month, the IRS concluded some donor-advised funds "appear to be established for the purpose of generating questionable charitable deductions, and providing impermissible economic benefits to donors and their families ... and management fees for promoters." For more details, read " [BIGGER TAX BREAKS, FEWER STRINGS, MORE ABUSE](#) ."

"It's all a mystery with the current regulations or the lack thereof," said Niki Jagpal, the research director of the National Committee for Responsive Philanthropy, a watchdog group. "The bottom line is who's benefiting. This shouldn't be a mystery. It should be transparent. What is the public good?"

... Although its partners administer the scholarship programs, Korsvall said the private foundation, the Sallie Mae Fund Inc., determines the criteria used to "shape" and award them. The private foundation then "recommends" that the donor-advised fund, the Sallie Mae Fund, pay for the program, she said.

Korsvall said the recommendations were followed without exception. It is, she emphasized, a cost effective way to manage community giving.

"They aren't necessarily breaking the law. The question is who is benefiting," said Jagpal, the research director of the watchdog group. "What is the purpose? Is the public interest being met? If that's all it's doing I think there are serious questions. "

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