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"Our constitution was made for a moral and religious people.
It is wholly inadequate to the government of any other."
John Adams

New Mexico Governor Opts State In to Education Freedom Tax Credit
Last week, New Mexico's Gov. Michelle Lujan Grisham announced that she will opt her state into the Education Freedom Tax Credit program, bringing the total to 32 states that have opted in to the program. The EFTC, also known as the Federal Scholarship Tax Credit, will allow individuals a dollar-for-dollar federal tax credit of up to $1,700 ($3,400 for married couples filing jointly) for donations made to a scholarship granting organization (SGO). The SGOs provide scholarships to families and students for a variety of educational options, including private school tuition, therapies, and tutoring. While anyone in the country can donate to an SGO, the scholarships can only go to students in states where the governor has opted in to the program. The EFTC program was established through the passage of the One, Big, Beautiful Bill and is set to officially begin on January 1, 2027.

Shortly after the EFTC was established, Grisham had declared that she would not opt in New Mexico for participation. However, continued pressure from legislators and school choice advocates, as well as clarification from the proposed regulations, persuaded her to change her no to a yes. Her announcement is significant as she is the third Democratic governor to opt in to the EFTC, following Govs. Jared Polis of Colorado and Kathy Hochul of New York. Additionally, Grisham made her announcement on November 4, one day after the blue wave of the midterm elections, signaling that support for the EFTC continues to have momentum even after the strong Democratic victories across the country. "At a time of diminishing federal investment in education, New Mexico must take advantage of every dollar we can to bolster public education and continue our state's upward trajectory in literacy and student achievement," stated the governor in a press release. She also noted that participation in the program allows "New Mexico taxpayers to keep some of their federal income taxes in New Mexico to support New Mexico students."

Several reports reveal that other Democrat governors are also considering opting in to the program. Pennsylvania's Gov. Josh Shapiro has indicated he is "very open" to opting in and will announce a decision in the coming weeks. Additionally, the governors from California, Connecticut, Massachusetts, Michigan, and New Jersey, all of whom initially declined to opt in, have sent a letter to the IRS seeking clarification on some of the regulations before making their final decisions. Governors have until January 1, 2027, to inform the IRS of their decision to opt in.

The AACS has established an SGO specifically to support students in AACS Christian schools. For more information on the EFTC, Accord Kids, and how they can benefit students and families, please click here.

AACS Submits Public Comments on IRS Proposed Rule, "Racial Nondiscrimination in Private Schools"
The AACS submitted public comments on the IRS's proposed rule, "Racial Nondiscrimination in Private Schools." The proposed rule would strip any school or college of its tax-exempt status if it is found to discriminate based on race in any of its policies, including admissions, scholarships, or educational programs. Although the Trump administration has taken commendable steps to correct unlawful racial discrimination, the IRS's proposed rule raises several concerns and questions for religious schools, which the AACS outlined in its public comment. First, the proposed rule raises religious liberty concerns, only mentioning protections for religious mission and policies in the preamble. The IRS did not explain how constitutional, federal, and judicial religious liberty protections would apply under this rule. The rule would also give the IRS power to determine whether a college's policy is "based solely on religion," involving the IRS in matters of religious doctrine and policy. Second, the proposed rule gives the IRS excessive power to determine what is fundamental public policy. Historically, revocation of tax exemption has been exceedingly rare. This proposed rule would codify a fundamental public policy test and give the IRS broad authority to determine violations. The AACS public comments questioned whether the IRS has the congressional authority to impose such a test and assume such broad powers. Third, the proposed rule creates an opportunity to politicize tax exemption and allow for abuse of fundamental public policy by future administrations. The proposed rule relies on racial discrimination being contrary to fundamental public policy, a standard that could shift and expand under future administrations. The IRS should consider the long-term consequences of revoking tax exemption over conflicts with fundamental public policy and ensure that tax exemption does not become politicized as a retaliatory weapon against religious institutions. The AACS public comments urge the IRS to refrain from publishing a final rule. But if the IRS publishes a final rule, it must clearly outline how it will substantively protect religious liberty to avoid setting a dangerous precedent that threatens Christian schools and colleges.

Report Finds Foreign Funding Supporting K-12 Public Education
A national security and foreign policy research institute has conducted extensive research on foreign funding in American K-12 education and found concerning results. Researchers at the Foundation for Defense of Democracies (FDD) began examining foreign funding in K-12 education after seeing the effects of foreign funding in higher education. The researchers uncovered millions of dollars in foreign K-12 funding after filing Freedom of Information Act requests to individual school districts. The researchers first found an estimated $10 million in funding from the Qatar Foundation International. This organization, run by the Qatari royal family, has provided materials that label Israel as Palestine and has promoted reciting the Quran in Arabic in classrooms. FDD also discovered $17 million in grants to Islamic K-12 schools through the Islamic Development Bank, where Iran is the third-largest shareholder. The bank has partnered with the Council of Islamic Schools in North America, an organization that currently holds lead accreditor status through Cognia. FDD expressed concern that many of these schools participate in state school choice programs. For instance, Brighter Horizons, an Islamic school receiving Texas scholarship funds, reportedly uses textbooks that "praise figures listed as unindicted co-conspirators in the Holy Land Foundation terror financing trial." Finally, FDD investigated Confucius Classrooms. The American government found that these Chinese language and culture programs in K-12 public schools were linked to the Chinese government. Although many Confucius Classrooms have closed, nonprofits may be continuing the same work. Based on its research, FDD recommended greater transparency in foreign funding for K-12 education.

In Case You Missed It:

Weekly Market Update provided by Jeff Beach of the AACS Investment Team at Merrill Lynch

Practical Legal Help for Christian Schools: ADF Ministry Alliance

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Half of Evangelicals Stayed Home in GOP Election Rout