New Mexico opts in to federal school choice tax credit program

Teachers unions say governor's decision could hurt public schools, while some educators see it as an opportunity for more funding

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Despite her initial opposition to a federal school choice

program, Gov. Michelle Lujan Grisham's office announced Wednesday that New Mexico will join more than 30 states that are participating.

Starting Jan. 1, the Federal Scholarship Tax Credit will allow taxpayers to claim a federal income tax credit of up to $1,700 a year, or $3,400 for joint filers, for any donation made to a nonprofit scholarship-granting organization, or SGO.

The SGOs, which will be approved by the governor, will distribute the money to private and public schools for expenses such as tuition, tutoring, technology, before- and after-school programs and supplemental programming.

"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," Lujan Grisham said in a statement. "By participating in the FSTC, we will give New Mexico taxpayers the chance to keep some of their federal income taxes in New Mexico to support New Mexico students."

President Donald Trump's One Big Beautiful Bill Act, signed into law in 2025, created the program. States that have opted into the FSTC are led by governors from both sides of the aisle, though the states that have rejected the program

— Minnesota, Wisconsin and Oregon — are led by Democrats.

For Bob Ippel, executive director of the New Mexico Association of Non-Public Schools, New Mexico's participation in the FSTC is a victory for school choice that could also benefit public schools.

"I think every school has a different niche that it serves, and so I think having access to all schools for everybody, to me, is just a really beautiful thing," Ippel said. "This is one little step to help, especially people with less means, to be able to have the same options as everybody else."

Only around 7% of New Mexico's 310,500 K-12 students attend a private school, according to private education database Private School Review.

Students are eligible to receive funding from the program if their family's household income is less than 300% of the area's median gross income, though families cannot make a donation that will go directly to a certain child.

Teachers unions have largely criticized the FSTC, arguing it amounts to a voucher program that could translate to fewer resources for already under-resourced public schools.

Whitney Holland, president of the New Mexico chapter of

the American Federation of Teachers, said Lujan Grisham's decision to opt in to the FSTC was "incredibly disappointing."

"My hope is that Governor-elect (Deb) Haaland undoes this," she said.

Holland said the program could encourage further support for private schools amid declining enrollment — and in turn, funding — for public education statewide.

"We're already in a place where we're trying to firm up funding and have consistently funded, better-funded, staffed schools, and I worry that this chips away at all of the progress that we've made," she said.

The program could negatively impact rural students, who do not have access to private education, Holland said.

"I think at the end of the day, business will prevail over what's best for our kids and our communities, and that's really disappointing," she said.

School leaders like Trey Smith, executive director of East Mountain Middle and High Schools, say the program can be a boon for public schools if they learn to take advantage of it.

At East Mountain, a public charter in Albuquerque, money from the FSTC could fund supplemental programs like

robotics, debate teams or SAT prep not offered by the state, Smith said.

“I think private schools are going to be well-positioned to take advantage of this program pretty quickly,” Smith said. “It is something that public schools are not as used to doing — having to fundraise and work with foundations. But if we can get good at that, it can actually really benefit public schools, and I think a lot of donors want to help the public school system.”

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