



INDIANA  
COMMUNITY ACTION  
POVERTY INSTITUTE  
Research and Public Policy

# Follow the Money

Understanding Indiana's Budget

January 22, 2025

# About the Institute

We believe:

when families are financially stable, they can achieve their full potential and better contribute to their communities. We understand that racial and economic inequities have contributed to economic insecurity for Hoosier families. Policy plays an important role in dismantling inequities and in building families' economic well-being.

The Indiana Community Action Poverty Institute promotes public policies to help Hoosier families achieve financial well-being. We value, gather, and translate quantitative and qualitative data to communicate the opportunities and challenges that Hoosiers experience. We advance well-being by promoting evidence-based solutions and building coalitions to engage in direct and strategic conversations with policymakers and the public.

Who Am I?

**Olivia Smith, MPA**  
**Tax and Budget Policy Analyst**  
**[osmith@incap.org](mailto:osmith@incap.org)**

# INDIANA COMMUNITY ACTION AGENCIES

**1** AREA FIVE AGENCY ON AGING & COMMUNITY SERVICES, INC. (AREA FIVE)  
1801 Smith St.  
Logansport, IN 46947  
(574) 722-4451  
or (800) 654-9421  
[WWW.AREAFIVE.COM](http://WWW.AREAFIVE.COM)

**2** AREA IV AGENCY ON AGING AND COMMUNITY ACTION PROGRAMS (AREA IV)  
660 N. 36th St.  
Lafayette, IN 47903  
(765) 447-7683  
or (800) 382-7556  
[WWW.AREAIVAGENCY.ORG](http://WWW.AREAIVAGENCY.ORG)

**3** BRIGHTPOINT  
227 E. Washington Blvd.  
Fort Wayne, IN 46802  
(260) 423-3546  
or (800) 589-2264  
[WWW.MYBRIGHTPOINT.ORG](http://WWW.MYBRIGHTPOINT.ORG)

**4** CENTRAL INDIANA COMMUNITY ACTION PROGRAM (CICAP) JOBSOURCE  
222 E. 10th St., Suite C  
Anderson, IN 46016  
(765) 641-6501  
[WWW.JS-CICAP.ORG](http://WWW.JS-CICAP.ORG)

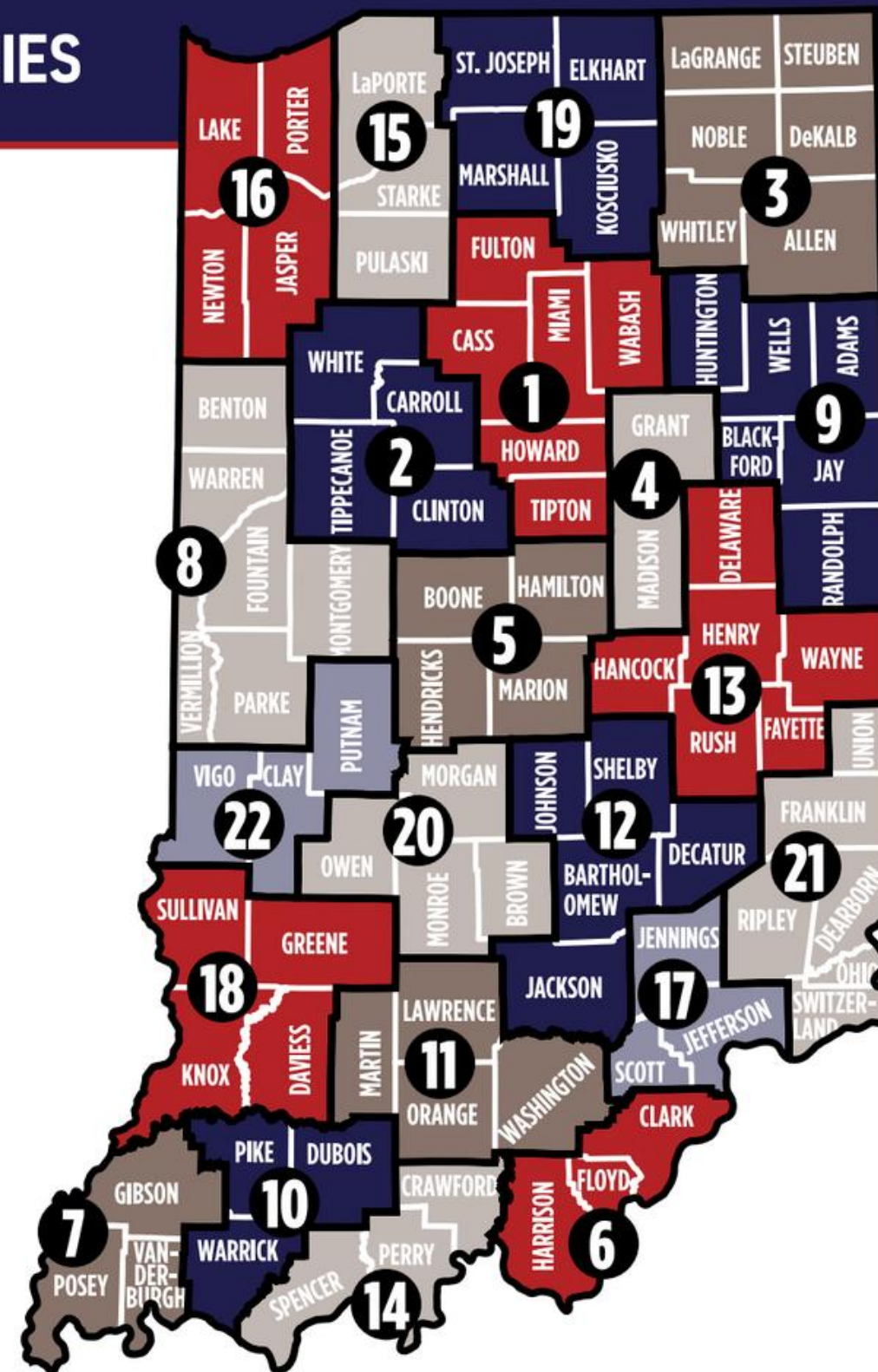
**5** COMMUNITY ACTION OF GREATER INDIANAPOLIS (CAGI)  
3266 N. Meridian St.  
Indianapolis, IN 46208  
(317) 396-1800  
[WWW.CAGI-IN.ORG](http://WWW.CAGI-IN.ORG)

**6** COMMUNITY ACTION OF SOUTHERN INDIANA, INC. (CASI)  
1613 E. 8th St.  
Jeffersonville, IN 47130  
(812) 288-6451  
[WWW.CASII.ORG](http://WWW.CASII.ORG)

**7** COMMUNITY ACTION PROGRAM OF EVANSVILLE AND VANDERBURGH COUNTY, INC. (CAPE)  
401 S.E. 6th St. Suite 001  
Evansville, IN 47713  
(812) 425-4241  
[WWW.CAPEEVANSVILLE.ORG](http://WWW.CAPEEVANSVILLE.ORG)

**8** COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA (CAPWI)  
418 Washington St.  
Covington, IN 47932  
(765) 793-4881  
[WWW.CAPWI.ORG](http://WWW.CAPWI.ORG)

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Indiana Community Action Association works to strengthen the capacity of **Indiana's Community Action Agencies** to address community needs and poverty.

# Agenda

- Indiana Revenue and Budget 101
- Making sense of tax policy
- Legislation designed to help families
- Resources to learn more



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# Indiana's Fiscal Calendar

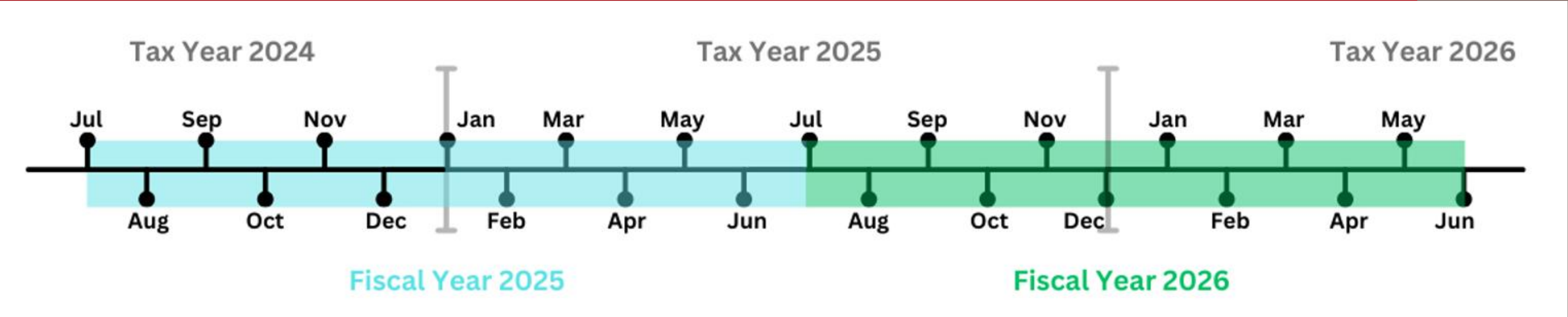
State Fiscal Year : July 1st – June 30<sup>th</sup>

Tax Year : January 1st – December 31<sup>st</sup>

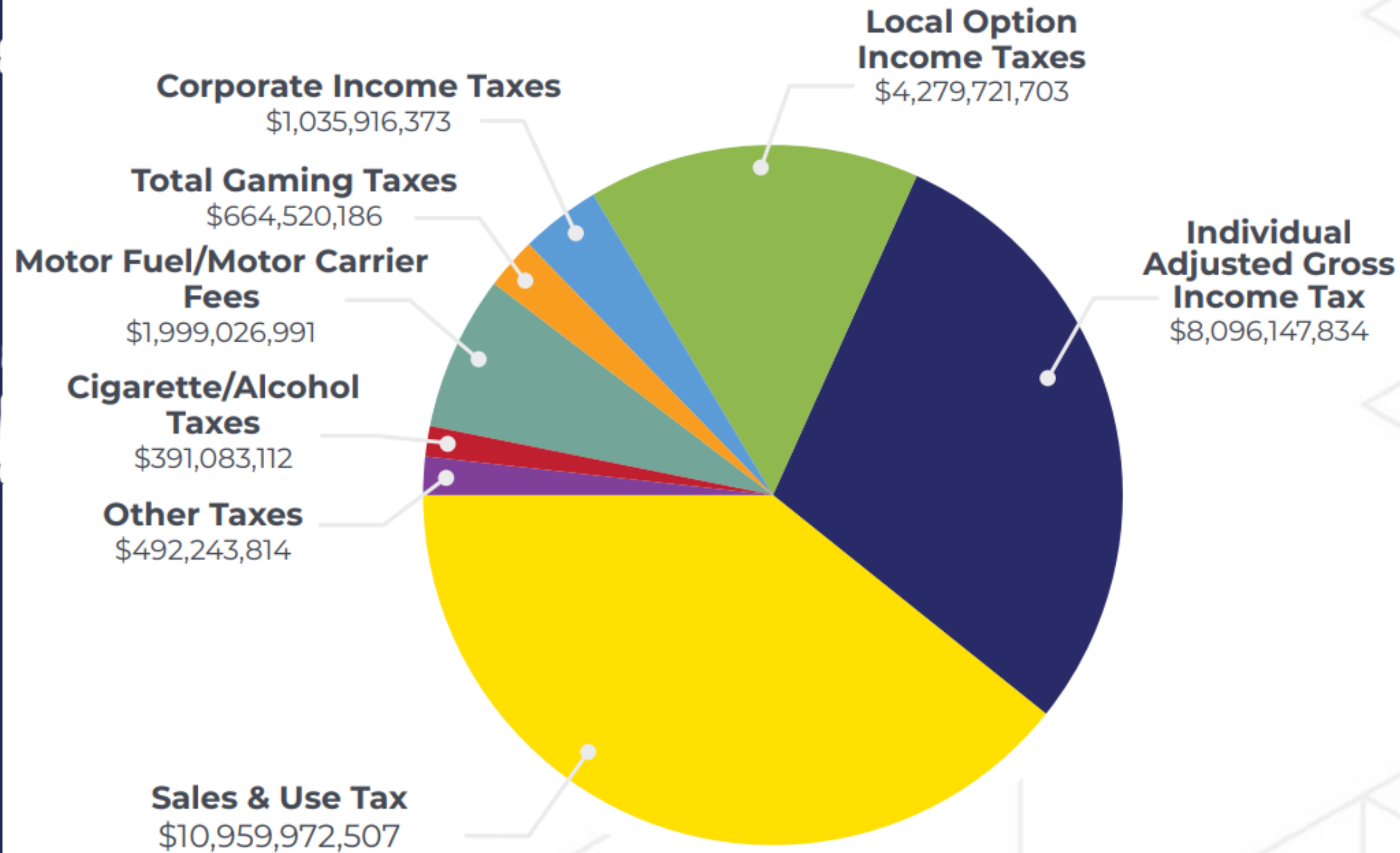
VS

Tax revenues, budgeting, and program funding

State legislation impacting the tax code



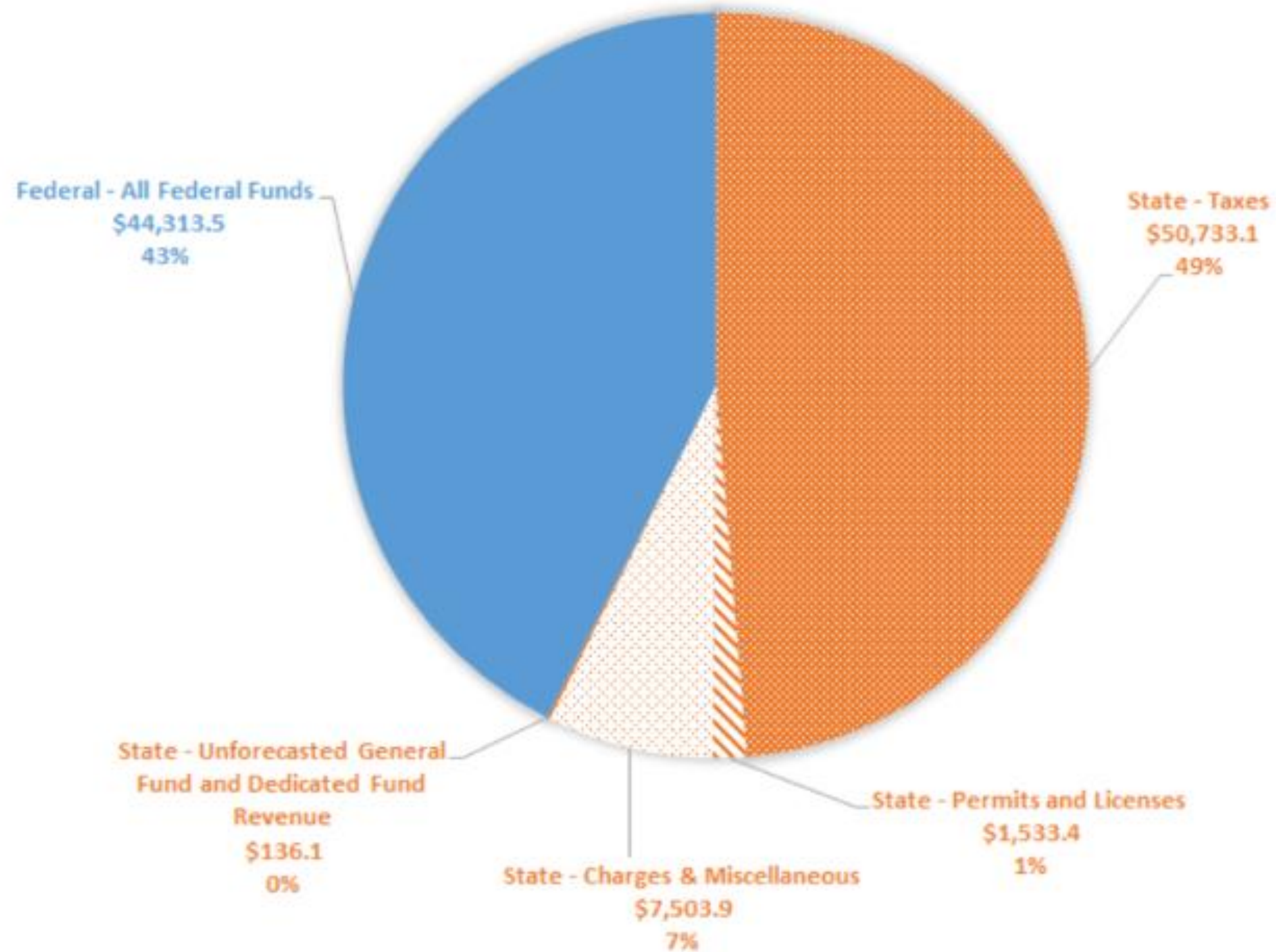
# SUMMARY OF FY24 TAX RECEIPTS



Indiana  
Department  
of Revenue  
collected  
over \$29.9  
billion in tax  
revenue in  
FY 2024

TOTAL INDIANA REVENUE BY SOURCE (IN MILLION DOLLARS)  
2023 - 2025 BIENNIUM

TOTAL REVENUE: \$104.2 BILLION

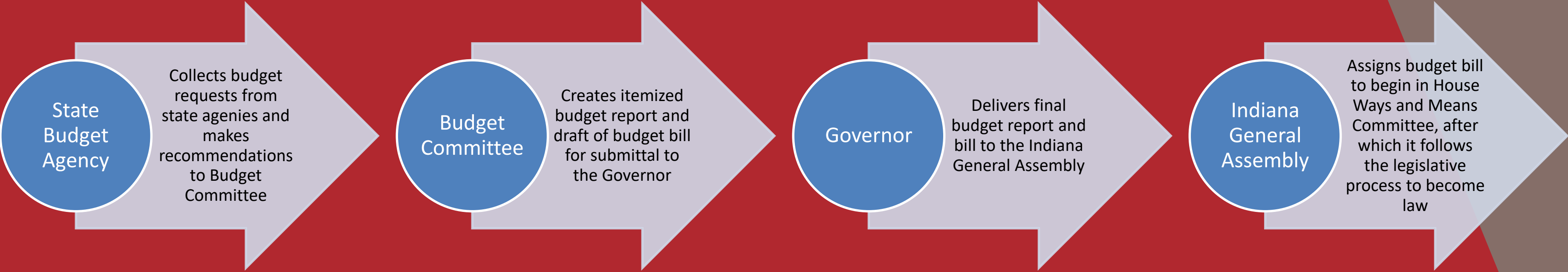




# To Build a Budget

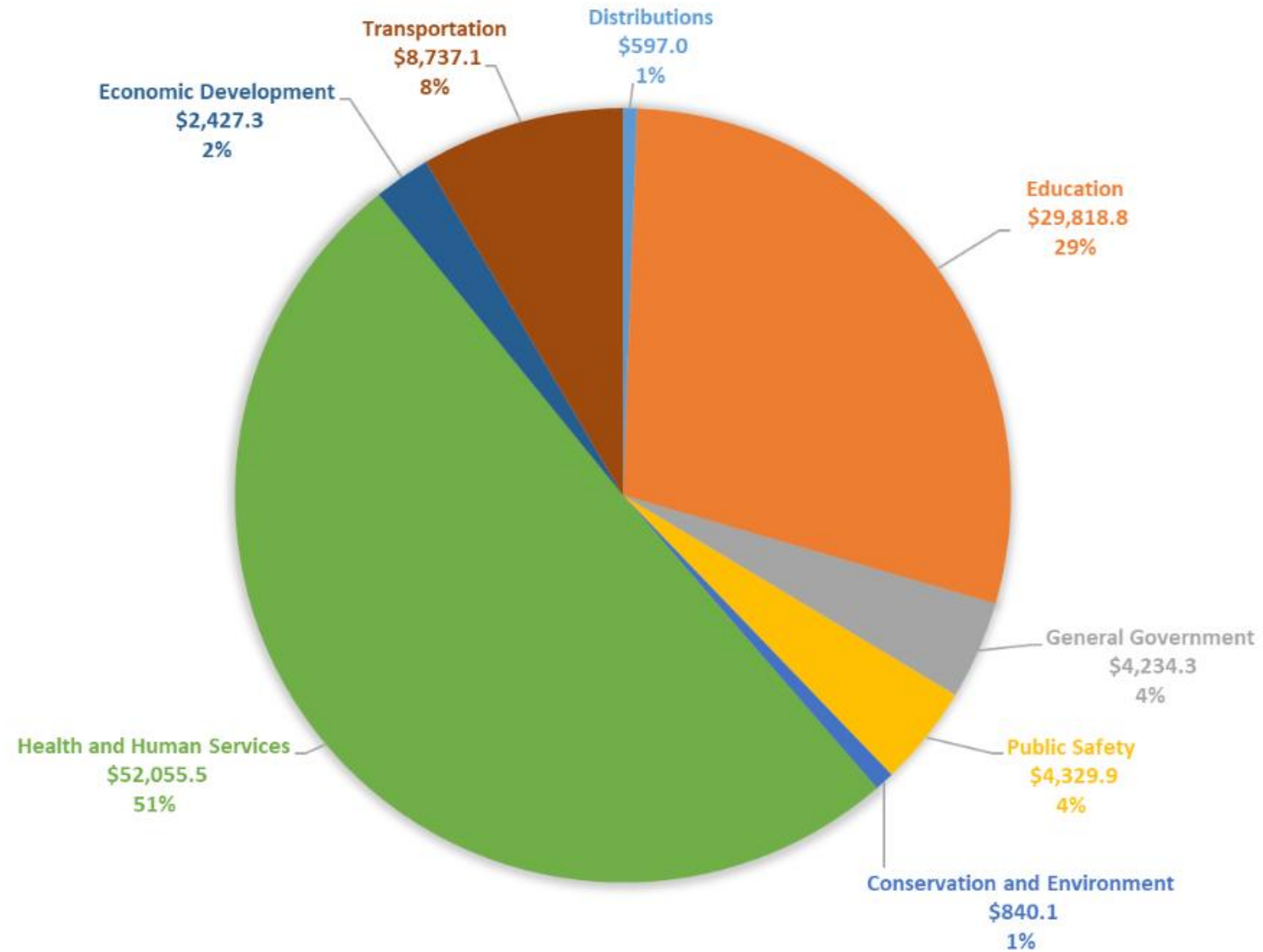
Biennial budget =  
every two years

Budget covers FY26 and FY27: July 1, 2025 – June 30<sup>th</sup> 2027



TOTAL APPROPRIATION BY FUNCTIONAL CATEGORY (IN MILLION DOLLARS)  
2023- 2025 BIENNIUM

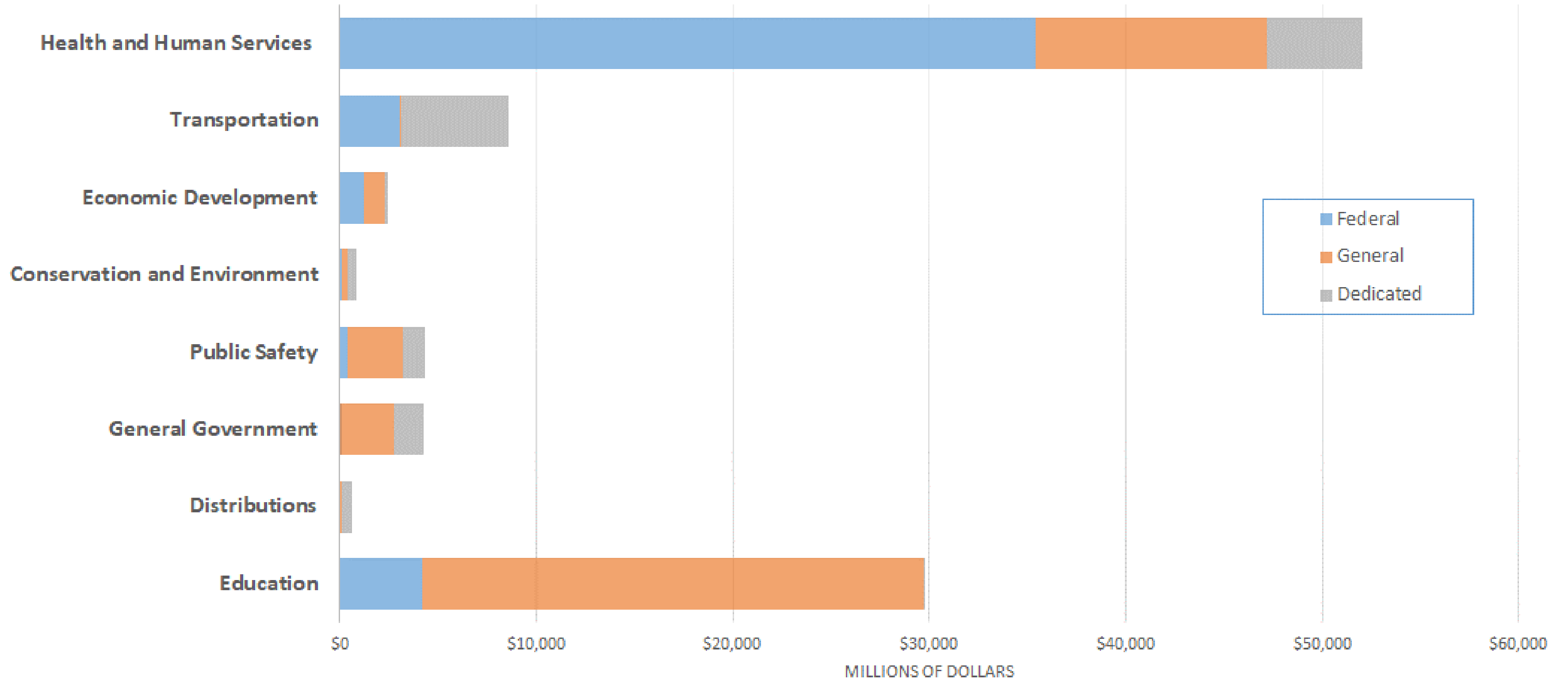
**TOTAL APPROPRIATIONS: \$103.0 BILLION**



Get all the details on our blog!

[Follow the Money: Last Budget in Review](#)

# FEDERAL FUNDING, GENERAL FUND, & DEDICATED FUND ALLOCATIONS BY FUNCTIONAL AREA (IN MILLION DOLLARS) 2023 - 2025 BIENNIUM



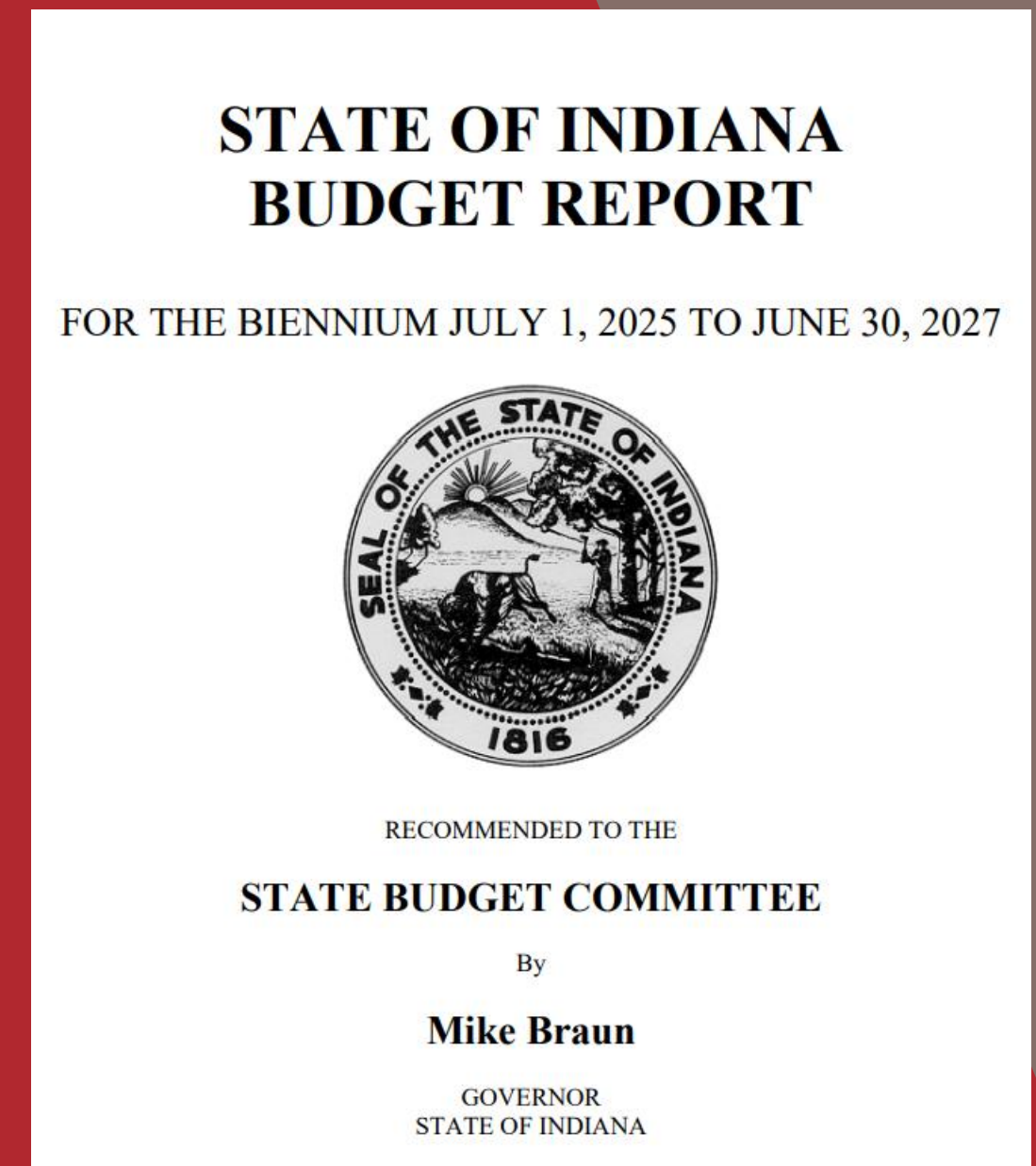
Get all the details on our blog!

[Follow the Money: Last Budget in Review](#)

# Governor's Recommended Budget

## Highlights

- Property tax reform bill that would amend the state's homestead deduction and cap property tax growth at 2% for some Hoosiers, among other provisions.
- Add 2% annually to the amount of K-12 tuition support provided by the state.
- Expand school voucher program by eliminating income cap for eligibility.
- Cut costs across state agencies by \$700 million over the next two years.
- Establish "back-to-school" sales tax holidays.



[The-Book.pdf](#)



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## SB 339: Caregiver Tax Credit

“SB 339 would create a nonrefundable tax credit for taxpayers who provide care for an ill or aging family member. The credit amount is equal to the lesser of \$10,000, or the value of the services performed by the taxpayer in the preceding year.”

**What's the impact of this credit? How does your amount of income change the tax benefit you receive? Is this a good policy?**

# Tax Tools: Credits, Deductions, and Exemptions

Deductions and exemptions reduce the total amount of your income that is taxable.

Credits are dollar-for-dollar tax relief applied to the amount of tax you owe.

	No deductions/ exemptions/ credits		\$3,000 Deduction		\$300 Credit
Indiana Income	\$50,000		\$50,000		\$50,000
<i>Apply Deductions + Exemptions</i>	\$0		-\$3,000		\$0
Adjusted Income	\$50,000		\$47,000		\$50,000
Calculate Tax	\$50,000 * 3.05%		\$47,000 * 3.05%		\$50,000 * 3.05%
Indiana Tax Owed	=\$1,525		=\$1,433.50		=\$1,525
<i>Apply Credits</i>	\$0		\$0		- \$300
Adjusted Indiana Tax Owed	\$1,525		\$1,433.50		\$1,225
<b>Tax Benefit Received</b>	<b>\$0</b>		<b>\$91.50</b>		<b>\$300</b>



“SB 339 would create a nonrefundable tax credit for taxpayers who provide care for an ill or aging family member. The credit amount is equal to the lesser of \$10,000, or the value of the services performed by the taxpayer in the preceding year.”

**A tax filer would have to have Indiana taxable income of \$339,000 in tax year 2026 in order to have sufficient Indiana tax liability to receive the maximum credit amount of \$10,000.**

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# Indiana Child Exemptions

Currently, a taxpayer is permitted:

- A \$1,000 exemption for dependents; and
- A \$1,500 exemption for children, or an enhanced \$3,000 exemption for each child who is being claimed for the first time.

<b>Examples for a family in St. Joseph County</b>	State Tax Relief (2024)	Local Tax Relief
A family raising a newborn	\$122.00	\$70.00
A family raising a preschooler	\$76.25	\$43.75

# OPPORTUNITY TAX CREDITS



## **EARNED INCOME TAX CREDIT**

The federal and state EITCs are available to many low- to moderate-income working families and individuals, acting as a wage subsidy by boosting earnings as workers increase their hours. These credits lift millions out of poverty and improve child well-being.



## **CHILD TAX CREDIT**

Similarly, child tax credits are available to families with children at the federal level and in some states – but not Indiana. CTCs mitigate the income volatility parents experience and help to offset the costs of raising a child.



## **529 TAX CREDIT**

State-level 529 Tax Credits reward saving for K-12 and higher education. Indiana offers a credit of 20% of the amount saved with a maximum credit of \$1500.



# **SB 497: Newborn Tax Credit**

- **Fully refundable income tax credit in the amount of:**
  - **\$500 credit for married filing jointly**
- **Income cap on eligibility to claim:**
  - **Household income below 720% of FPL**
- **Repurposes the additional \$1,500 newborn exemption to offset cost, since this credit is an enhancement of that same concept**

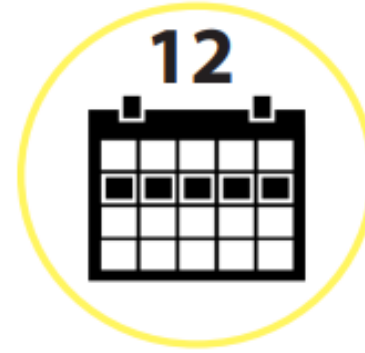
***IMPACT: Most families would receive about \$400 more in tax relief per newborn child than under current law.***

# SB 115: Paid Family & Medical Leave

## HOW PAID FAMILY & MEDICAL LEAVE PROGRAMS WORK



Small payroll deductions go into a state fund (the equivalent of a cup of coffee a week).



An employee can take twelve weeks of leave, where they are paid through the state fund.



Employees can take leave to care for themselves or a sick loved one, or welcome a new family member.



Employers can use the money they would have paid to that employee to cover overtime or to make a temporary hire.



All employees qualify, regardless of where they work, so small businesses who otherwise would not be able to offer paid leave.

### *How is this different from the Family and Medical Leave Act (FMLA)?*

FMLA provides 12 weeks of unpaid, job-protected leave, but only 60% of employees nationally qualify for FMLA.

Even among eligible employees, many low- and middle-income workers are unable to use their FMLA benefits because they simply can't afford to go three months without their income.

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# RESOURCES

## State Budget Agency

- Revenue information
  - [Monthly Revenue Reports](#)
  - [Revenue Forecast](#)
- Budget information
  - [FY26 + FY27 Budget in development](#)
  - [Current budget spreadsheet of individual budget appropriations](#)

## Indiana General Assembly

- Information on tax credits, deductions, and exemptions
  - [Tax Handbook](#)
  - [Tax Expenditure Review](#)

# Ways to get involved

[Sign up for our newsletter](#)

[Join our  
Paid Family & Medical Leave  
Google Group](#)

[Join our Prenatal-to-3  
Google Group](#)

[Contact your state  
legislators and make  
your voice heard!](#)

**Questions?**

Reach us on social media

Facebook @in.institute

Twitter @ininsitute

Instagram @in.institute

or

Email me!

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