

**NASPAA Competency: Diversity & Communication**

**How Changes in Tax Structure Affect Racial Equity and Economic Disparities**

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### **How Changes in Tax Structure Affect Racial Equity and Economic Disparities**

Racial inequity and economic disparity plague our nation. The answer to the question of why we as a developed nation cannot develop socially and economically is the million dollar question. Finding the answer of how to stop racial inequity and economic disparity, however, is the responsibility of public leaders and administrators. If they do not, how can this nation be considered “developed”?

The topics of diversity and communication make up one of the Network of Schools of Public Policy, Affairs, and Administration (NASPAA)’s most important core competencies. As defined by NASPAA, communicating productively with a diverse and changing workforce and citizenry is a quintessential skill of a public administrator. Moreover, the public administrator of today also needs to acknowledge and address systemic inequalities, implicit biases, and the role of establishing cultural competence.

The concept of cultural competence also reflects a public service mindset. Culture is important to us all. With the culture of each nation are a myriad of “cultures” and “subcultures” that public administrators should understand. For example, I live in a rural township that has a “culture” that values selling and buying your eggs from a small stand at the end of someone’s driveway. My brother lives in an urban environment that values organic eggs from a high-end grocery market. Growing up in a working class suburb, my husband’s “culture” valued getting the best deal at the grocery store with the most coupons. My example is oversimplified, yet the concept remains the same. We all view the world through different cultural lenses. There is

overlap, but there are also drastically different values and traditions that public administrators need to understand to serve their communities.

It is worth noting that my simplified example reflected regional differences, cultures far surpass regional limitations and are infinitely possible. If a public administrator denies this, the public service mindset, of truly “serving” the public, deteriorates to a self-serving mindset. If a public administrator falls prey to ignorance or assumptions of who is being served, the lack of understanding will exacerbate systemic issues such as the financial disparities discussed in Davis’s article.

When considering taxation as it is discussed in the report “Taxes and Racial Equity: An Overview of State and Local Policy Impacts,” racial inequity and economic disparity are abundantly clear (Davis, 2021). Davis identifies an economic systemic problem that has deeply infiltrated our tax structure. Understanding these types of systemic problems aids a public administrator in addressing inequalities.

Another factor that public administrators must familiarize themselves with is the reality that without taxation, they would have no funding for programs, and they would not have a job. Hence, there is the suspicion of the resident consumer who knows that the public administrator who is creating the tax structure is also being paid with taxes. Another reason taxation is usually an unfavorable aspect of governance is because each tax takes from an individual, but is used to provide services for the welfare of the community as a whole (Elhilali, 2025, p. 2). The State of New Jersey Department of Taxation touts a mission to “administer the State’s tax laws uniformly, equitably, and efficiently to maximize State revenues to support public services” (New Jersey Treasury Taxation: About Us, 2025). “Uniformly, equitably, and efficiently” are loaded,

debatable terms that public administrators confront every day in communicating to a diverse public of various cultures.

Regressive and Progressive taxes represent two theories of taxation. As illustrated in Davis's article, regressive taxes affect everyone equally, but not necessarily "equitably." Equal is quantifiable and objective, but equitable is based on both cultural and subjective terms. Mary pays 7% sales tax and John pays 7% sales tax. Those taxes are clearly "equal." To determine if the taxes are "equitable," a surface level simple sentence does not suffice. For example, a 7% sales tax on a refrigerator has a different impact on Mary, the senior with a fixed income, than it would on John, a thirty-year old accountant.

An application of the communication and diversity core competency of public administration is the relentless quest for transparent, equitable practices that combat systemic issues. A society that historically redlined Black and ethnic populations, is obligated to remediate and plan for radical change. Unequal funding for education and systemic limitations on real estate accessibility can be no more. Regressive taxes such as sales tax on the surface affect everyone equally. But is that true? As Davis's report details, the answer is no. States that depend on these tax revenues to fund education and other public institutions and services are systematically making the racial inequities and economic disparities worse. Although "some" tax revenue can be responsibly garnered through sales, to have most of the public revenue stemming from regressive taxes is not feasible in engendering a country worth of the adjective "developed."

Progressive taxes make more sense to narrow gaps between the wealthy and the unwealthy. If these progressive taxes are implemented to their fullest, then some of the economic

disparity might be remedied. However, tax evasion and tax loopholes are all too common in those whose progressive tax amounts would begin to poke a hole in the ugly balloon of inequity.

Furthermore, what impact could progressive taxes make if systemic racial inequities are not mitigated? Recently, I participated in a webinar hosted by the NJ Division of Civil Rights in which study after study revealed that real estate redlining is very alive even today in 2024. The webinar showed video testimonial proving that the same woman over the phone was given a reasonable price and encouraged to see a property in a predominately White neighborhood. She came in person to meet the same real estate agent, but was given a much higher price and received repetitive recommendations to try a different neighborhood. The woman was Black, and the real estate agent assumed the woman was White. The discrimination amongst Black individuals that exists in the real estate industry was staggering to me as a White woman. If I did not actively pursue such eye-opening webinars, I would not understand a change that needs to be made.

Like the real estate discrimination epidemic, taxation causing financial disparity needs systemic change. Public administrators cannot hold their breath waiting for a scientist to create a magic wand. Taxes must be increased responsibly, ensuring equitable effects and results. For the core competency of communication and discrimination to be reflected in the practice of a public administrator, a clear understanding of not only who taxes are coming from and how much they are paying, but also an honest assessment of the efficiency and efficacy of their administration of the tax revenue.

## References

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