Pricing: Equity Considerations

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Is Road Pricing an Important Strategy for Equity?

- Probably not
- Pricing is an *efficiency* strategy
- It can be done in ways that don’t exacerbate equity
- It *may* advance equity along some dimensions
- But it does not directly address the most fundamental inequities in the system
Two Common Fairness Objections

- Double-taxation
- Regressivity/Lexus Lanes
Do We Already Pay?
What About Regressivity?

- Tolls are regressive
- Does regressive automatically mean "unfair"?
- Can we mitigate the unfairness?
Regressive charges for essential goods
Free Roads: A Subsidy for the Affluent
Free Roads: A Penalty for the Urban Poor

Figure 2. Poverty status and vehicle ownership by freeway adjacency, 10 most congested U.S. urban areas

- **Near Freeway**
  - Poverty: 25%
  - No Vehicles: 10%

- **Not Near Freeway**
  - Poverty: 10%
  - No Vehicles: 10%
Low Birthweight by Distance
Before and After E-ZPass

Low Birthweight by day
Before and After EZPass

Premature Birth by Distance
Before and After E-ZPass

Premature Birth by day
Before and After EZPass
Using big data to estimate the environmental benefits of congestion pricing in the Los Angeles Metropolitan Area

April 2021

A research report from the Pacific Southwest Region University Transportation Center

Antonio M. Bento, Sol Price School of Public Policy, University of Southern California
Free Roads: A Penalty on the Global Poor
A counterfactual

• Suppose all freeways today were congestion-priced
  – Much less congestion and pollution
  – More transit ridership
  – Revenue used to help low-income people, and pay for public projects

• Someone proposes making the roads free

• Would this be fair?

• Would it be fair to abolish electric meters tomorrow?
Key Takeaways

• Road pricing is regressive in collection
• It can be *progressive* in its outcome
• The regressivity comes with its own solution, because it raises revenue
• Redistribute revenue to mitigate harm
Thank you

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