

Will congestion pricing harm low-income drivers?

Measuring equity in congestion pricing
programs

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Is 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
- It doesn't directly address the most fundamental inequities in the system
- But - it can pair well with policies that do

Two Fairness Objections

- Double-taxation: We already pay to use these roads (gas taxes, etc)
- Regressivity – burden on low-income drivers, benefit for the affluent

Do We Already Pay to Use Roads?



What About Regressivity?

- Tolls *are* regressive
- Regressive doesn't automatically mean "unfair"
- We can mitigate the unfairness that does exist

It is wrong to levy regressive charges
to access essential goods

Some Regressive Charges for Essential Goods

- Transit fares
- Sales taxes for transit
- Gasoline
- (And gas taxes)
- Cars
- Water and electric meters
- Things at grocery stores



The Nature of the Unfairness

Early critics of the congestion pricing proposal have said additional fees could be a burden for low-income households that spend a significant share of their monthly income on transportation.

“What’s prohibitively expensive for someone of limited means is a drop in the bucket for the affluent,” Eric Preven, who serves on the Studio City Neighborhood Council, said during Thursday’s meeting.

Should we Give the Money to Transit?

Metro CEO supports congestion pricing, free fares on public transit

Could tolls on drivers cut down on traffic?

By **Elijah Chiland** | Dec 6, 2018, 12:54pm PST

“We think that with congestion pricing done right, we can be the only city in the world to offer free transit service in time for the 2028 Olympics,” Metro CEO Phil Washington said.

The Nature of the Unfairness

- **Low-income drivers** with few obvious alternatives to using busy roads and busy times
- Giving money to transit *doesn't solve this problem*
- Might be a *good idea*
- Might be *progressive*
- Not the same as remedying *specific harm*

We Have Ways to Solve This



Another Look: How do we measure equity with *free* roads?

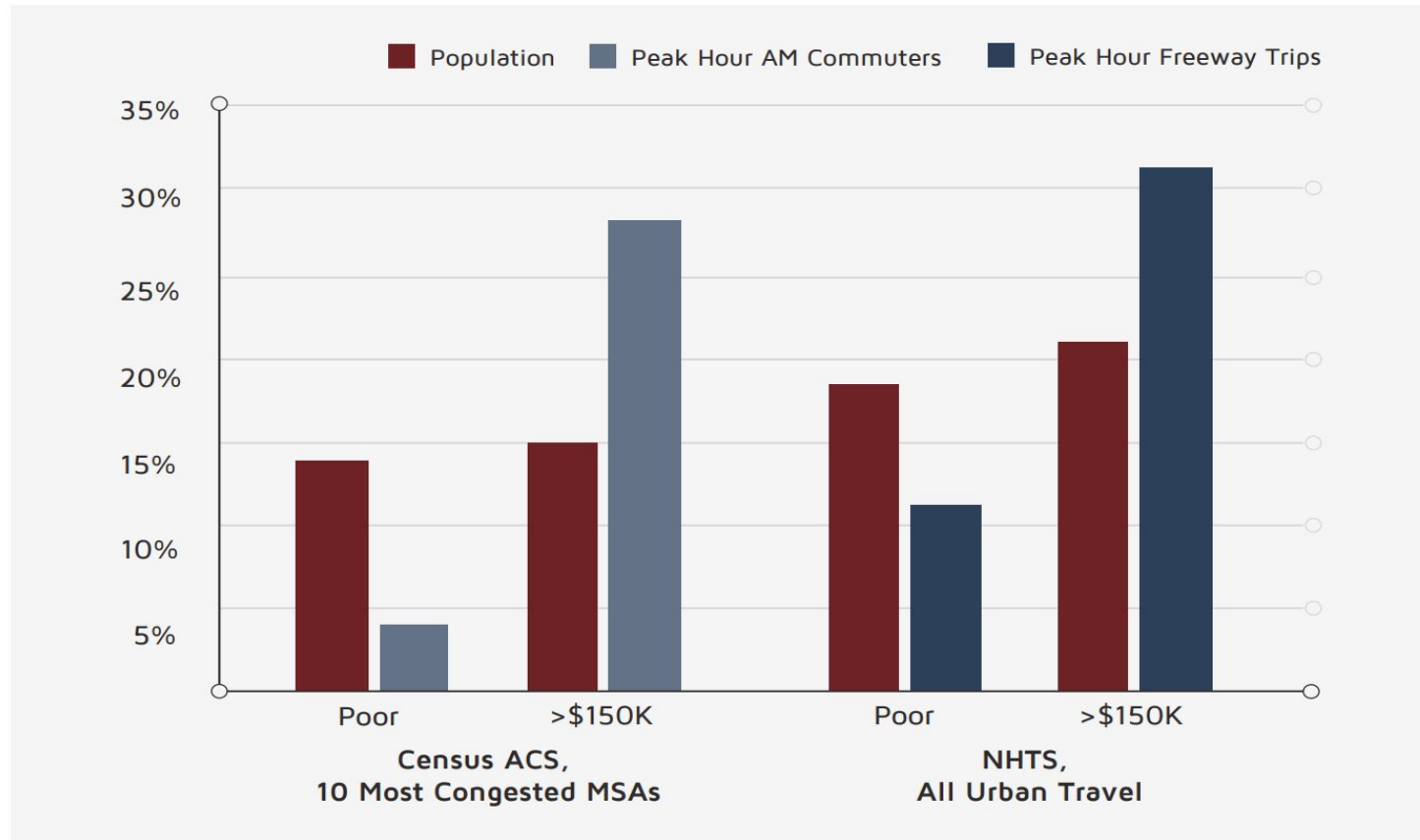
We don't

We assume they are fair

They aren't

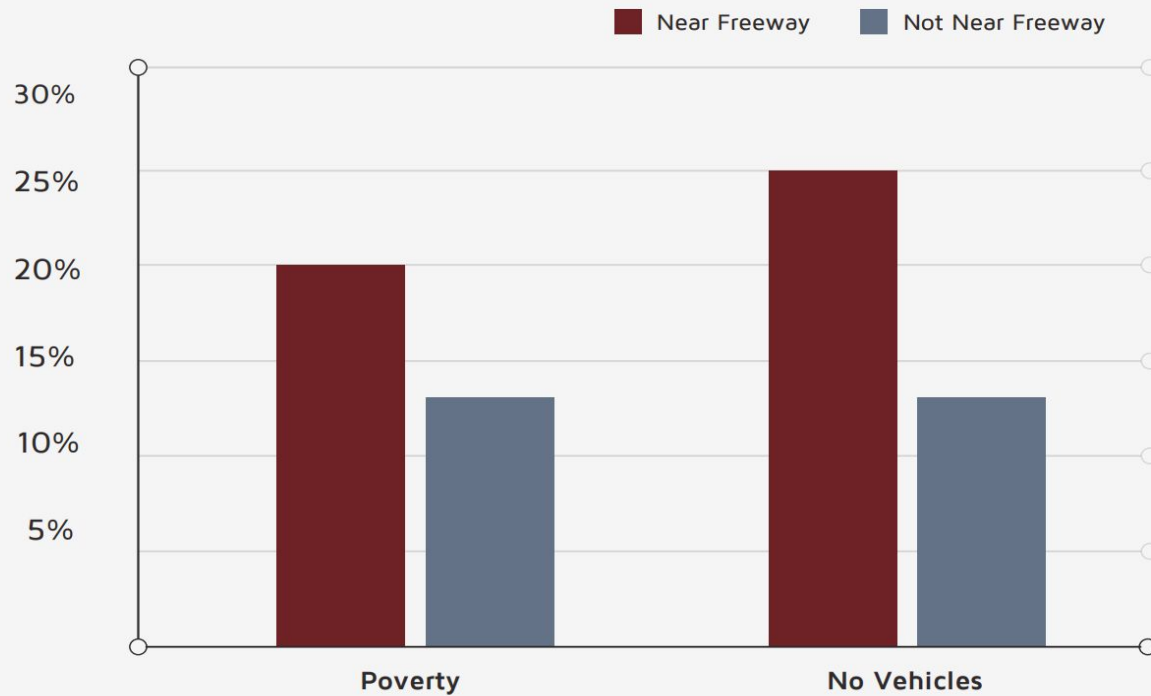
Free Roads: A Subsidy Mostly for the Affluent

Figure 1. Poverty and affluence in morning peak period travel

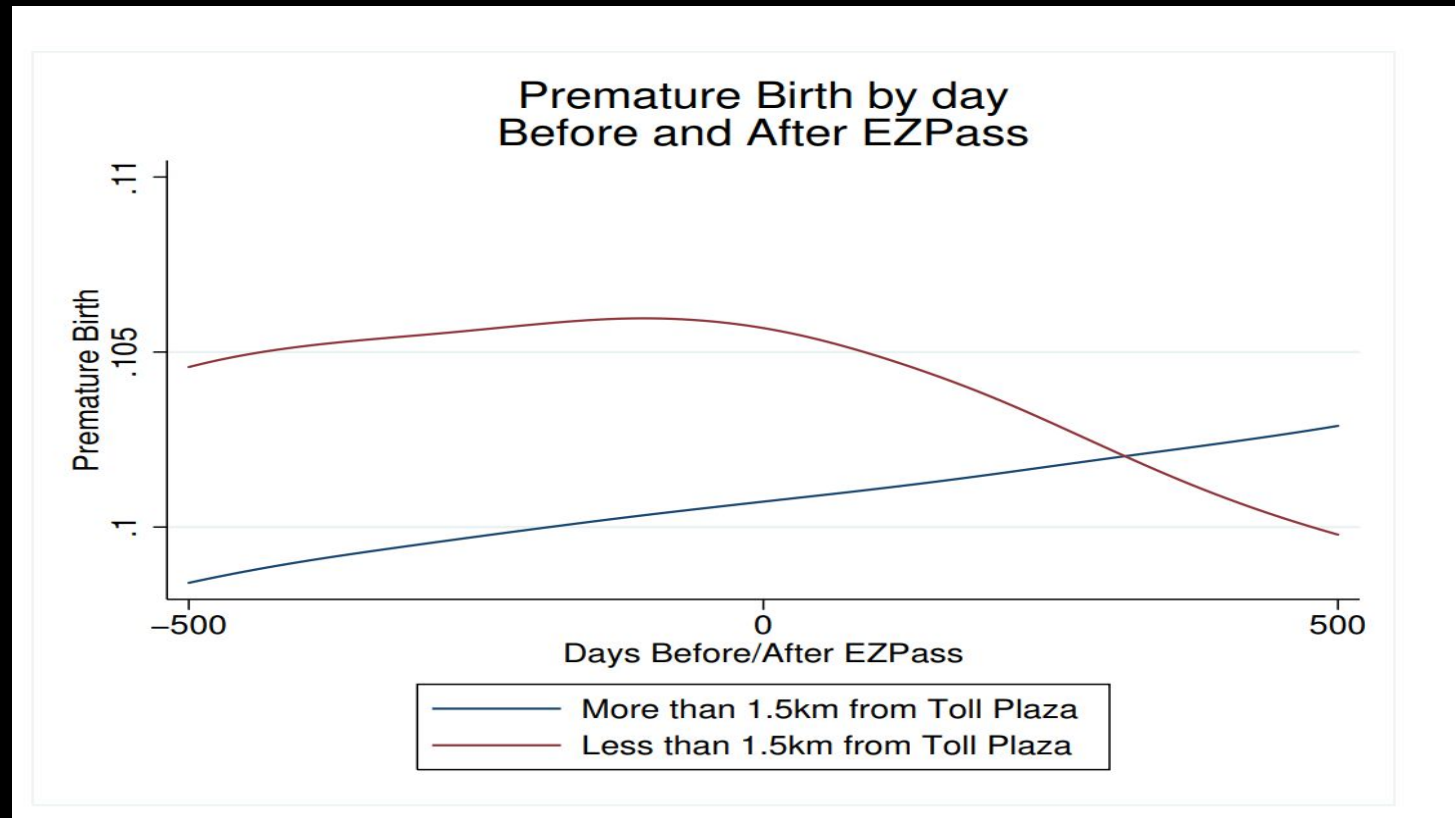


Free Roads: A Penalty for the Urban Poor

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



Pollution from Congestion has Serious Consequences



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?

Status Quo Bias

- More congestion
- More pollution
- No revenue to compensate for the harm
- Would we support a proposal to abolish electric and water meters?

Thank you

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