

"This book is downright scary—but...you will emerge smarter and more empowered to demand justice." —NAOMI KLEIN



AUTOMATING INEQUALITY

HOW HIGH-TECH TOOLS PROFILE,
POLICE, AND PUNISH THE POOR



VIRGINIA EUBANKS

PRAISE FOR

AUTOMATING INEQUALITY

"Income inequality relies on the lie of the neutrality of efficiency over the value of our common humanity. *Automating Inequality* exposes the deadly consequences of this plan and suggests another path. That Virginia Eubanks is our guide—a person so capable, ethical, and whip smart—is a rare combination indeed."

—**ADRIAN NICOLE LeBLANC**, author of *Random Family*

"*Automating Inequality* powerfully exposes how U.S. institutions... increasingly punish people—especially people of color—for being poor. A must-read."

—**DOROTHY ROBERTS**, author of *Killing the Black Body* and *Shattered Bonds*

"This book is downright scary—but with its striking research and moving, indelible portraits of life in the 'digital poorhouse,' you will emerge smarter and more empowered to demand justice."

—**NAOMI KLEIN**, author of *No Is Not Enough* and *This Changes Everything*

"This book is for all of us... whose survival depends upon a better understanding of how nations made wealthy by digital industries are using technology to create and maintain a permanent underclass. It is a book for our times."

—**MALKIA A. CYRIL**, executive director and co-founder, Center for Media Justice

"As we begin discussing the potential for artificial intelligence to harm people, Eubanks's work should be required reading."

—**ETHAN ZUCKERMAN**, director, Center for Civic Media, MIT

"Staring and brilliant... As Eubanks makes crystal clear, automation... threatens not only the lives of millions who are viewed as disposable but also democracy itself."

—**HENRY GIROUX**, author of *The Public in Peril: Trump and the Menace of American Authoritarianism*

US \$26.99 / CAN \$34.99

ISBN 978-1-250-07431-7



9 781250 074317

"THE SINGLE MOST IMPORTANT BOOK ABOUT TECHNOLOGY YOU WILL READ THIS YEAR." —ASTRA TAYLOR, author of *The People's Platform: Taking Back Power and Culture in the Digital Age*

THE STATE OF INDIANA DENIED one million applications for health care, food stamps, and cash benefits in three years—because a new computer system interpreted any application mistake as “failure to cooperate.” In Los Angeles, an algorithm calculates the comparative vulnerability of tens of thousands of homeless people in order to prioritize them for an inadequate pool of housing resources. In Pittsburgh, a child welfare agency uses a statistical model to try to predict which children might be future victims of abuse or neglect.

Since the dawn of the digital age, decision making in finance, employment, politics, health care, and human services has undergone revolutionary change. Today, automated systems control which neighborhoods get policed, which families attain resources, and who is investigated for fraud. While we all live under this new regime of data, the most invasive and punitive systems are aimed at the poor.

Virginia Eubanks systematically investigates the impacts of data mining, policy algorithms, and predictive risk models on economic inequality and democracy in America. Full of heart-wrenching and eye-opening stories, this deeply researched and passionate book could not be timelier.



© SAOIF RASSOUL CAMERON

VIRGINIA EUBANKS is an associate professor of Political Science at the University at Albany, SUNY. She is the author of *Digital Dead End: Fighting for Social Justice in the Information Age* and co-editor, with Alethia Jones, of *Ain't Gonna Let Nobody Turn Me Around: Forty Years of Movement Building with Barbara Smith*. For two decades, Eubanks has worked in community technology and economic justice movements. She is a founding member of the Our Data Bodies Project and a fellow at New America. She lives in Troy, NY.

Jacket design by Jonathan Bush

Jacket photographs: girl © Teresa Short/Getty Images;
computers © Robin Bartholick/Getty Images;
texture © AlenKadr/Shutterstock.com

ST. MARTIN'S PRESS

175 FIFTH AVENUE, NEW YORK, N.Y. 10010

PRINTED IN THE UNITED STATES OF AMERICA

www.stmartins.com

CONTENTS

Author's Note	ix
Introduction: Red Flags	1
1: From Poorhouse to Database	14
2: Automating Eligibility in the Heartland	39
3: High-Tech Homelessness in the City of Angels	84
4: The Allegheny Algorithm	127
5: The Digital Poorhouse	174
Conclusion: Dismantling the Digital Poorhouse	201
Acknowledgments	219
Sources and Methods	223
Notes	249
Index	252

INTRODUCTION

Red Flags

In October 2015, a week after I started writing this book, my kind and brilliant partner of 13 years, Jason, got jumped by four guys while walking home from the corner store on our block in Troy, New York. He remembers someone asking him for a cigarette before he was hit the first time. He recalls just flashes after that: waking up on a folding chair in the bodega, the proprietor telling him to hold on, police officers asking questions, a jagged moment of light and sound during the ambulance ride.

It's probably good that he doesn't remember. His attackers broke his jaw in half a dozen places, both his eye sockets, and one of his cheekbones before making off with the \$35 he had in his wallet. By the time he got out of the hospital, his head looked like a misshapen, rotten pumpkin. We had to wait two weeks for the swelling to go down enough for facial reconstruction surgery. On October 23, a plastic surgeon spent six hours repairing the damage, rebuilding Jason's skull with titanium plates and tiny bone screws, and wiring his jaw shut.

We marveled that Jason's eyesight and hearing hadn't been

damaged. He was in a lot of pain but relatively good spirits. He lost only one tooth. Our community rallied around us, delivering an almost constant stream of soup and smoothies to our door. Friends planned a fundraiser to help with insurance co-pays, lost wages, and the other unexpected expenses of trauma and healing. Despite the horror and fear of those first few weeks, we felt lucky.

Then, a few days after his surgery, I went to the drugstore to pick up his painkillers. The pharmacist informed me that the prescription had been canceled. Their system showed that we did not have health insurance.

In a panic, I called our insurance provider. After navigating through their voice-mail system and waiting on hold, I reached a customer service representative. I explained that our prescription coverage had been denied. Friendly and concerned, she said that the computer system didn't have a "start date" for our coverage. That's strange, I replied, because the claims for Jason's trip to the emergency room had been paid. We must have had a start date at that point. What had happened to our coverage since?

She assured me that it was just a mistake, a technical glitch. She did some back-end database magic and reinstated our prescription coverage. I picked up Jason's pain meds later that day. But the disappearance of our policy weighed heavily on my mind. We had received insurance cards in September. The insurance company paid the emergency room doctors and the radiologist for services rendered on October 8. How could we be missing a start date?

I looked up our claims history on the insurance company's website, stomach twisting. Our claims before October 16 had been paid. But all the charges for the surgery a week later—more than \$62,000—had been denied. I called my insurance company again. I navigated the voice-mail system and waited on hold. This time I was not just panicked; I was angry. The customer service representative kept repeating that "the system said" our insurance

had not yet started, so we were not covered. Any claims received while we lacked coverage would be denied.

I developed a sinking feeling as I thought it through. I had started a new job just days before the attack; we switched insurance providers. Jason and I aren't married; he is insured as my domestic partner. We had the new insurance for a week and then submitted tens of thousands of dollars worth of claims. It was possible that the missing start date was the result of an errant keystroke in a call center. But my instinct was that an algorithm had singled us out for a fraud investigation, and the insurance company had suspended our benefits until their inquiry was complete. My family had been red-flagged.

Since the dawn of the digital age, decision-making in finance, employment, politics, health, and human services has undergone revolutionary change. Forty years ago, nearly all of the major decisions that shape our lives—whether or not we are offered employment, a mortgage, insurance, credit, or a government service—were made by human beings. They often used actuarial processes that made them think more like computers than people, but human discretion still ruled the day. Today, we have ceded much of that decision-making power to sophisticated machines. Automated eligibility systems, ranking algorithms, and predictive risk models control which neighborhoods get policed, which families attain needed resources, who is short-listed for employment, and who is investigated for fraud.

Health-care fraud is a real problem. According to the FBI, it costs employers, policy holders, and taxpayers nearly \$30 billion a year, though the great majority of it is committed by providers, not consumers. I don't fault insurance companies for using the tools at their disposal to identify fraudulent claims, or even for trying to predict them. But the human impacts of red-flagging, especially when it leads to the loss of crucial life-saving services,

FROM POORHOUSE TO DATABASE

"You're going to send me to the poorhouse!"

Most of us reference the poorhouse only reflexively today. But the poorhouse was once a very real and much feared institution. At their height, poorhouses appeared on postcards and in popular songs. Local societies scheduled tours for charity-minded citizens and common gawkers. Cities and towns across the country still include streets named for the poorhouses once sited on them. There are Poor Farm Roads in Bristol, Maine, and Natchez, Mississippi; County Home Roads in Marysville, Ohio, and Greenville, North Carolina; Poorhouse Roads in Winchester, Virginia, and San Mateo, California. Some have been renamed to obscure their past: Poor House Road in Virginia Beach is now called Prosperity Road.

The poorhouse in my hometown of Troy, New York, was built in 1821. While most of its residents were too ill, too old, or too young for physical labor, able-bodied inmates worked on a 152-acre farm and in a nearby stone quarry, earning the institution its

name: the Rensselaer County House of Industry. John Van Ness Yates, charged by the state of New York with conducting a year-long inquiry into the "Relief and Settlement of the Poor" in 1824, used Troy's example to argue that the state should build a poorhouse in every county. His plan succeeded: within a decade, 55 county poorhouses had been erected in New York.

Despite optimistic predictions that poorhouses would furnish relief "with economy and humanity," the poorhouse was an institution that rightly inspired terror among poor and working-class people. In 1857, a legislative investigation found that the House of Industry confined the mentally ill to 4½-by-7-foot cells for as long as six months at a time. Because they had only straw to sleep on and no sanitary facilities, a mixture of straw and urine froze onto their bodies in the winter "and was removed only by thawing it off," causing permanent disabilities.

"The general state of things described as existing at the Poor House, is bad, every way," wrote the *Troy Daily Whig* in February 1857. "The contract system, by which the maintenance of the paupers is let out to the lowest bidder, is in a very great measure responsible. . . . The system itself is rotten through and through." The county superintendent of the poor, Justin E. Gregory, won the contract for the House of Industry by promising to care for its paupers for \$1 each per week. As part of the contract, he was granted unlimited use of their labor. The poorhouse farm produced \$2,000 in revenue that year, selling vegetables grown by starving inmates.

In 1879, the *New York Times* reported on its front page that a "Poorhouse Ring" was selling the bodies of deceased residents of the House of Industry to county physicians for dissection. In 1885, an investigation into mismanagement uncovered the theft of \$20,000 from the Rensselaer County poor department, forcing the resignation of Keeper of the Poorhouse Ira B. Ford. In 1896,

AUTOMATING ELIGIBILITY IN THE HEARTLAND

A little white donkey is chewing on a fencepost where we turn toward the Stipes house on a narrow utility road paralleling the train tracks in Tipton, Indiana. Michael "Dan" Skinner, 65-year-old ex-newspaper man and my guide to central Indiana, heaves his mom's 19-year-old sedan across the tracks and into the Stipes family's driveway a mile or so later. Their big white house is marooned in a sea of cornfields, but on this sunny day in March 2015, the stalks are cut back low and softened by snow melting to mud. Kim and Kevin Stipes joke that they've had to grow tall children: come July, the smaller ones disappear into the corn. I'm here to talk to Kim and Kevin about their daughter Sophie, who lost her Medicaid benefits during Indiana's experiment with welfare eligibility automation.

In 2012, I delivered a lecture at Indiana University Bloomington about how new data-based technologies were impacting public services. When I was finished, a well-dressed man raised his hand and asked the question that would launch this book. "You know," he asked, "what's going on here in Indiana, right?" I looked at

him blankly and shook my head. He gave me a quick synopsis: a \$1.3 billion contract to privatize and automate the state's welfare eligibility processes, thousands losing benefits, a high-profile breach-of-contract case for the Indiana Supreme Court. He handed me his card. In gold letters it identified him as Matt Pierce, Democratic member of the Indiana House of Representatives.

Two and a half years later, the welfare automation story brought me to the home of Sophie Stipes, a lively, sunny, stubborn girl with dark brown hair, wide chocolate eyes, and the deep brow characteristic of people with cerebral palsy. Shortly after she was born in 2002, she was diagnosed with failure to thrive, global developmental delays, and periventricular leukomalacia, a white-matter brain injury that affects newborns and fetuses. She was also diagnosed with 1p36 deletion syndrome, which is believed to affect between 1 in 5,000 and 1 in 10,000 newborns. She has significant hearing loss in both ears. Kim and Kevin were told that she might never sit up, walk, or speak. For her first two years, all she did was lie on her back. She barely moved.

Her parents contacted representatives of First Steps, a program of the Indiana Division of Disability and Rehabilitative Services that helps young children with developmental delays. Through the program, Sophie received therapy and nutrition services, and her family received counseling and support. Most important: she had a gastrostomy tube implanted to deliver nutrition directly to her stomach; for the first two years of her life, she had not been eating very much at all. Shortly after they started feeding her directly through the G-tube, Sophie began to sit up.

At the time of my 2015 visit, Sophie is 13. She gets around on her own and goes to school. She knows all the letters of the alphabet. Though doctors originally told Kim that it wouldn't do any good to sign to her, Sophie understands 300 or 400 words in the family's pidgin sign language and communicates with her

3

HIGH-TECH HOMELESSNESS IN THE CITY OF ANGELS

America's last Skid Row is a half square mile of open-air tent encampments on the edge of the Los Angeles downtown entertainment district. In 1947, Hal Boyle of the *Evening Independent* called the neighborhood "the poor man's underworld, a cross-section of American futility, the place where men who have lost hope go after they have jettisoned their dreams."¹ Fifty-eight years later, Steve Lopez at the *Los Angeles Times* described the neighborhood as "a rock-bottom depository and national embarrassment. A place [of] disease, abuse, crime and hard-luck misery . . . where business thrives in Porta-Potties . . . and urine still runs in the gutters."²

I arrived in Los Angeles in December 2015 to explore its coordinated entry system, which is intended to match the county's most vulnerable unhoused people with appropriate available resources. Touted as the Match.com of homeless services, the coordinated entry approach has become wildly popular across the country in the last half decade. Its supporters include the US Department of Housing and Urban Development (HUD), the Na-

tional Alliance to End Homelessness, a myriad of local homeless service providers, and powerful funders, including the Conrad N. Hilton and Bill & Melinda Gates Foundations.

The proponents of coordinated entry argue that the system creates a "no wrong door" approach to the often dizzying array of services available to the unhoused and provides a standardized intake process to reduce waste, redundancy, and double-dipping across agencies. The system also collects, stores, and shares some astonishingly intimate information about unhoused people. It catalogs, classifies, and ranks their traumas, coping mechanisms, feelings, and fears.

For many, Skid Row personifies timeless corruption and hopelessness. But, like any too-simple story, this narrative hides more than it reveals. In the 1870s the neighborhood was mostly orange groves. By 1921 Skid Row offered all the necessities for family living: a public school, an emergency hospital, streetcar transportation, churches, factories, workshops, warehouses, and retail. As the population of migrant workers swelled in the 1930s, it became known as the poor man's district. The neighborhood was filled with inexpensive housing and economic struggle, but also thriving community and vigorous politics. The Communist Party, for example, organized dozens of neighborhood Unemployed Councils under the motto "Don't Starve—Fight!," led protests of stingy soup kitchens, and resisted evictions during the Great Depression.

Despite the stereotype of Skid Row as home to older white men, the neighborhood has always been diverse. In a 1939 issue of the *Los Angeles Times Sunday Magazine*, Huston Irvine wrote, "The population is probably more motley than that in a similar district of any other American city,"³ describing the Jews, Greeks, Italians, Germans, French, Egyptians, Chinese, Japanese, Native Americans, Mexicans, and African Americans who worked,

THE DIGITAL POORHOUSE

It is a warm April day in 2017, and I am walking to the public library to find pictures of the Los Angeles County Poor Farm, known today as Rancho Los Amigos. A middle-aged African American man in a pink baseball cap and a grimy hoodie stands on the sidewalk near the corner of 5th and South Grand. He moves as if buffeted by winds, arms swimming in front of him as he turns in tortured circles. He is keening: a high, surprisingly gentle sound, halfway between singing and sobbing, with no words. Dozens of people—white, Black, Latino, tourist and local, rich and poor—walk around him without even turning their heads. As we pass his swaying figure, we look away from each other, our mouths set in grim lines. No one stops to ask if he needs help.

In the United States, wealth and privation exist side by side. The contrast is particularly stark in downtown Los Angeles, where everyday urban professionals drink lattes and check their smartphones within arm's reach of the utterly destitute. But the

invisible membrane between those who struggle to meet their basic daily needs and those who do not exists in every American city, town, and village. I saw it in Muncie, Indiana, and in Munhall, Pennsylvania. I see it in my hometown.

Poverty in America is not invisible. We see it, and then we look away.

Our denial runs deep. It is the only way to explain a basic fact about the United States: in the world's largest economy, the majority of us will experience poverty. According to Mark Rank's groundbreaking life-course research, 51 percent of Americans will spend at least a year below the poverty line between the ages of 20 and 65. Two-thirds of them will access a means-tested public benefit: TANF, General Assistance, Supplemental Security Income, Housing Assistance, SNAP, or Medicaid.¹ And yet we pretend that poverty is a puzzling aberration that happens only to a tiny minority of pathological people.

Our relationship to poverty in the United States has always been characterized by what sociologist Stanley Cohen calls "cultural denial." Cultural denial is the process that allows us to know about cruelty, discrimination, and repression, but never openly acknowledge it. It is how we come to know what not to know. Cultural denial is not simply a personal or psychological attribute of individuals; it is a social process organized and supported by schooling, government, religion, media, and other institutions.

When we passed the anguished man near the Los Angeles Public Library and did not ask him if he needed help, it was because we have collectively convinced ourselves that there is nothing we can do for him. When we failed to meet *each others'* eyes as we passed, we signaled that, deep down, we know better. We could not make eye contact because we were enacting a cultural ritual of not-seeing, a semiconscious renunciation of our responsibility to each other. Our guilt, kindled because we perceived suffering

Conclusion

DISMANTLING THE DIGITAL POORHOUSE

On March 31, 1968, Dr. Martin Luther King, Jr., gave his last Sunday sermon, "Remaining Awake through a Great Revolution," in the National Cathedral in Washington, DC. King declared that the world was undergoing a triple revolution: a technological revolution sparked by automation and "cybernation," a revolution in warfare triggered by nuclear weapons, and a human rights revolution inspired by anticolonial struggles for freedom across the globe. Though technological innovation was bringing the world a sense of "geographical oneness," he preached, our ethical commitment to each other was not keeping pace. "Through our scientific and technological genius, we have made of this world a neighborhood and yet we have not had the ethical commitment to make of it a brotherhood," he said. "But somehow, and in some way, we have got to do this. . . . We are tied together in the single garment of destiny, caught in an inescapable network of mutuality."

In the twenty-first century, we have accomplished the geographical oneness King prophesized. But we continue to fall far short of achieving the ethical growth he envisioned. He called for

the immediate eradication of the national disease of racial injustice. He called on us to "rid our nation and the world of poverty." He warned the complacent that social movements would soon be offering them a wake-up call for the revolution.

"We are coming to Washington in a Poor People's Campaign," he concluded. "We read one day, 'We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness.' . . . We are coming to ask America to be true to the huge promissory note that it signed years ago."

King was assassinated four days later in Memphis, Tennessee, where he was supporting striking African American sanitation workers.

The Poor People's Campaign carried forward after King's death, but it did not have the outcomes he had anticipated. The campaign enjoyed a budget of one million dollars, the participation of a broad coalition of poor people's groups across color lines, and high profile supporters such as Coretta Scott King and Harry Belafonte. Nine major caravans from across the country—including New York, Los Angeles, Seattle, Selma, and most famously, a mule train that departed from Marks, Mississippi—arrived in Washington, DC, without major incident. They had a clear, if ambitious, agenda: to engage waves of America's poorest people in militant nonviolent action in the capitol until they secured a federal commitment to pass an economic and social Bill of Rights.

But the campaign also faced extraordinary challenges. King's assassination left the Southern Christian Leadership Conference (SCLC) riven with internecine fighting, and divided in its commitment to eradicating poverty. The urban insurrections taking place across the country in the wake of King's death intensified a