

Notes and Brief Reports

Social Security Beneficiaries Using Direct Deposit Procedure, December 1978*

Since 1975, all social security beneficiaries have had the option of having their monthly benefit deposited directly in financial institutions they designate. The option offers several advantages to beneficiaries. It reduces the chances for their checks to be lost, stolen, or endorsements forged. It eliminates the need to cash the checks, and thus reduces the risks of losing considerable sums of money. In addition, it spares aged and disabled persons with limited mobility and individuals who lack access to transportation a trip to cash their checks.¹

Data concerning the characteristics of beneficiaries who chose this option as of December 31, 1978, are presented

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¹ For background information about the direct deposit procedures, see Barbara A. Lingg, **Social Security Beneficiaries Using the Direct Deposit Procedure, June 1976** (Research and Statistics Note No. 2), Office of Research and Statistics, Social Security Administration, 1978.

here. The data were derived on a 100-percent basis from the social security master beneficiary record that contains detailed benefit information for all beneficiaries.

Direct Depositors

Almost 8 million beneficiaries used direct deposit at the end of December 1978. They represented 23 percent of the 34.6 million persons receiving benefits at that time. A year earlier, the direct-deposit procedure was being used by 6 million beneficiaries, or 18 percent of the total number receiving benefits.

The proportion of beneficiaries using direct deposit varied with the type of benefit received and with age and race of the beneficiary (table 1). Compared with other types of beneficiaries, relatively more retired-worker and aged adult survivor beneficiaries had their checks deposited directly—27 percent for the former and 24 percent for the latter. Twenty-three percent of the wives and husbands of retired workers and 21 percent of all disabled workers were direct depositors. Child beneficiaries used direct deposit less frequently than any other type of beneficiary.

These differences are reflected in the use of direct deposit

Table 1.—OASDI beneficiaries using and not using direct deposit to financial institution: Number, percent, and monthly benefit amount, by type of beneficiary, December 1978

Type of beneficiary	OASDI beneficiaries						
	Using direct deposit					Average monthly benefit amount for those not using direct deposit	Ratio of average monthly benefit amount for those not using to amount for those using direct deposit
	Number	Percent of all beneficiaries	Monthly benefit				
			Amount (in thousands)	Percent of all benefits payable	Average amount		
Total	7,947,425	23.0	\$2,053,544	25.9	\$258.39	\$220.61	0.85
Retired workers and dependents	5,617,632	25.5	1,483,698	28.0	264.11	232.75	.88
Retired workers	4,871,222	26.5	1,374,969	28.5	282.26	256.30	.91
Wives and husbands	677,096	22.7	99,532	25.2	147.00	128.58	.87
Children	69,314	10.5	9,197	13.3	132.67	101.35	.76
Disabled workers and dependents ..	818,034	16.8	206,737	20.7	252.72	195.16	.77
Disabled workers	597,670	20.8	184,381	22.2	308.49	282.94	.92
Wives and husbands	69,037	14.0	6,966	16.5	100.90	83.61	.83
Children	151,327	10.1	15,390	12.3	101.70	81.32	.80
Survivors	1,490,166	19.6	361,315	22.2	242.47	207.47	.86
Widows, widowers, and parents ..	1,032,043	24.4	267,065	26.5	258.77	232.24	.90
Widowed mothers and fathers ..	93,523	16.2	19,695	18.0	210.59	186.40	.89
Children	364,600	13.1	74,555	14.7	204.48	178.77	.87
Special age-72 beneficiaries	21,593	16.1	1,794	16.1	83.08	83.20	1.00

Table 2.—OASDI beneficiaries using direct deposit to financial institution: Number and percent, by type of benefit and characteristic and by State, December 1978

Census division and State	OASDI beneficiaries using direct deposit											
	Number	Percent, by—										
		Type of beneficiary				Age		Race			Sex	
		Total	Retired workers	Disabled workers	Widows, widowers, and parents	Under 65	65 and over	White	Black	Other	Men	Women
Total.....	7,947,425	23.0	26.5	20.8	24.4	17.2	26.8	24.8	8.6	11.8	24.9	24.8
New England:												
Connecticut.....	118,587	25.6	28.3	21.9	26.0	19.8	28.0	26.2	13.0	17.6	27.5	27.0
Maine.....	43,092	22.3	24.3	20.6	23.0	18.6	24.1	22.3	16.6	16.8	24.1	23.0
Massachusetts.....	222,944	24.6	26.5	22.8	24.6	20.1	26.4	24.8	17.0	16.2	26.6	25.3
New Hampshire.....	38,717	28.5	30.6	25.6	28.8	23.8	30.5	28.5	23.9	20.7	31.0	29.1
Rhode Island.....	35,696	21.7	23.6	19.2	21.7	16.9	23.8	21.9	13.5	14.4	24.0	22.2
Vermont.....	18,995	24.1	26.7	20.9	26.3	19.3	26.4	24.1	26.3	28.9	24.9	25.9
Middle Atlantic:												
New Jersey.....	236,193	20.8	23.9	17.4	21.1	15.8	23.6	21.9	11.0	15.3	22.8	22.1
New York.....	677,830	23.7	27.5	20.6	23.7	17.2	26.8	24.7	14.6	15.9	25.7	25.5
Pennsylvania.....	352,987	17.5	19.1	16.9	17.8	14.5	18.9	18.0	11.1	13.7	18.6	18.1
East North Central:												
Illinois.....	365,060	22.6	25.1	20.4	24.5	18.2	24.9	24.0	12.1	18.8	23.7	24.3
Indiana.....	183,367	22.8	25.5	21.6	25.0	18.4	25.1	23.8	10.2	16.0	24.0	24.5
Michigan.....	330,959	25.0	29.0	23.7	25.8	19.5	28.2	26.8	11.5	17.5	27.5	26.8
Ohio.....	338,169	21.3	24.0	19.9	23.0	16.9	23.6	22.2	12.2	17.2	23.0	22.7
Wisconsin.....	161,651	21.5	23.3	19.3	23.5	18.3	23.0	21.9	9.3	15.3	22.1	22.9
West North Central:												
Iowa.....	135,422	27.8	29.3	26.5	33.3	21.9	29.9	28.0	14.9	16.8	27.4	29.9
Kansas.....	123,461	33.2	35.1	30.7	39.7	25.3	35.9	33.9	18.0	19.5	32.8	35.7
Minnesota.....	151,420	25.0	26.8	24.3	29.3	20.0	27.0	25.2	15.4	15.1	25.1	27.0
Missouri.....	189,318	22.2	23.8	22.7	25.9	18.3	24.1	23.4	10.2	18.8	22.7	23.8
Nebraska.....	74,106	29.4	31.2	26.5	36.1	22.0	31.9	29.8	15.3	15.6	28.8	32.0
North Dakota.....	23,126	22.4	24.2	22.8	28.2	17.0	24.6	22.6	19.5	7.4	22.5	24.5
South Dakota.....	32,887	27.9	29.5	28.5	34.7	22.1	30.2	28.4	15.7	11.4	27.7	30.2
South Atlantic:												
Delaware.....	22,687	27.3	30.6	23.6	30.5	21.3	30.8	30.5	9.9	19.1	29.6	29.4
District of Columbia.....	17,323	19.5	23.1	12.6	22.7	12.2	23.4	34.3	11.2	17.3	19.7	22.5
Florida.....	775,534	40.1	44.8	34.5	40.1	29.9	44.5	43.3	8.8	28.1	43.9	41.7
Georgia.....	121,880	16.4	19.3	15.4	19.2	12.7	19.2	20.2	6.1	15.8	17.5	18.3
Maryland.....	87,908	17.2	19.2	15.1	17.7	11.8	18.9	19.4	7.3	18.9	18.4	18.2
North Carolina.....	120,043	14.0	16.0	13.5	14.7	11.4	15.5	16.5	5.5	8.1	14.9	15.0
South Carolina.....	60,216	14.0	16.8	13.1	15.6	11.0	16.4	18.6	3.9	14.4	15.5	15.4
Virginia.....	114,376	16.5	19.3	14.4	18.4	12.3	18.0	19.1	6.4	16.2	17.2	18.3
West Virginia.....	52,374	14.7	17.8	14.6	17.4	11.4	17.1	15.0	7.5	11.0	15.6	16.5
East South Central:												
Alabama.....	95,592	15.3	18.4	15.1	17.6	11.6	17.9	19.4	4.7	13.0	16.3	17.3
Kentucky.....	84,213	14.3	16.8	14.3	16.5	11.7	16.4	14.7	9.4	18.0	16.5	16.2
Mississippi.....	73,237	17.3	20.6	17.6	21.8	13.0	20.5	24.4	4.9	11.0	17.6	20.4
Tennessee.....	103,886	14.5	16.4	14.4	16.6	11.9	16.2	16.2	5.6	15.4	14.9	15.9
West South Central:												
Arkansas.....	85,621	19.7	19.7	20.4	20.8	16.1	22.0	22.8	4.7	14.4	21.2	21.3
Louisiana.....	66,853	11.6	13.9	11.6	13.7	9.1	13.6	15.4	3.3	9.0	12.7	13.0
Oklahoma.....	115,332	24.2	26.7	24.5	27.2	20.2	26.3	25.4	10.8	4.2	24.9	26.0
Texas.....	425,485	24.0	27.4	22.5	28.6	17.8	27.5	26.5	8.0	10.3	25.4	26.6
Mountain:												
Arizona.....	151,356	38.7	44.8	37.1	38.4	28.9	44.2	40.6	15.5	7.4	43.4	41.1
Colorado.....	95,172	29.7	33.4	27.8	32.4	23.4	32.8	30.2	16.1	13.4	31.7	31.8
Idaho.....	42,635	33.8	37.6	34.0	37.2	26.9	37.3	34.1	17.7	15.2	36.9	35.5
Montana.....	37,774	32.6	35.9	32.9	38.8	26.2	36.0	33.1	20.9	12.5	34.2	35.5
Nevada.....	25,577	30.3	33.8	31.9	30.0	25.3	33.5	31.6	11.8	12.9	34.0	31.2
New Mexico.....	49,558	29.6	37.8	28.8	33.3	21.1	36.2	31.8	17.4	5.7	33.6	33.9
Utah.....	46,064	32.6	36.8	31.2	35.6	24.7	36.6	33.0	15.1	12.2	36.0	34.4
Wyoming.....	15,857	32.6	36.2	30.2	37.8	25.2	36.3	33.0	12.5	9.4	34.5	35.3
Pacific:												
Alaska.....	3,544	18.2	24.3	23.5	21.2	14.5	22.8	23.5	12.7	3.8	23.2	21.3
California.....	805,636	26.0	29.8	23.6	27.0	19.4	29.3	28.2	10.0	13.8	29.0	27.4
Hawaii.....	24,316	22.9	26.8	25.1	23.4	24.8	25.7	36.6	25.1	17.8	24.3	25.9
Oregon.....	139,246	35.3	39.1	33.6	37.4	27.6	38.7	25.7	12.4	18.8	38.3	36.9
Washington.....	207,843	37.3	41.8	37.1	38.9	28.7	41.5	38.1	16.7	18.0	40.3	39.5
Other areas ¹	16,074	2.9	4.7	3.8	2.9	2.0	4.2	3.0	2.3	2.1	4.0	3.5
Foreign countries.....	10,226	3.3	4.9	5.9	1.5	2.7	3.7	3.6	3.1	.6	4.7	3.2

¹ American Samoa, Guam, Puerto Rico, and Virgin Islands.

Table 3.—Monthly benefit amount for OASDI beneficiaries using direct deposit to financial institutions and average benefit amount for retired-worker beneficiaries using and not using direct deposit, by State, December 1978

Census division and State	OASDI beneficiaries		Retired-worker beneficiaries			
	Monthly benefit amount for those using direct deposit (in thousands)	Percent of all benefits payable	Average monthly benefit amount		Average monthly benefit amount for those not using direct deposit	Ratio of average monthly benefit amount for those not using to amount for those using direct deposit
			All beneficiaries	Using direct deposit		
Total	\$2,053,544	25.9	\$263.19	\$282.26	\$256.30	0.91
New England:						
Connecticut	33,545	27.7	291.94	305.82	286.47	.94
Maine	10,483	24.7	246.75	262.85	240.63	.92
Massachusetts	59,117	26.7	271.37	287.50	265.54	.92
New Hampshire	10,088	30.6	268.23	280.91	262.12	.93
Rhode Island	9,504	23.8	268.58	287.44	262.73	.91
Vermont	4,810	26.7	259.36	277.65	252.68	.91
Middle Atlantic:						
New Jersey	66,402	22.8	288.92	304.55	283.85	.93
New York	190,043	26.3	286.10	303.35	279.56	.92
Pennsylvania	94,942	19.1	277.42	295.64	273.11	.92
East North Central:						
Illinois	98,016	24.6	279.25	293.09	274.61	.94
Indiana	48,873	25.0	275.64	291.74	270.13	.93
Michigan	89,472	27.3	283.20	296.45	277.80	.94
Ohio	88,615	23.3	272.22	287.33	267.46	.93
Wisconsin	42,399	23.5	270.76	286.96	265.85	.93
West North Central:						
Iowa	33,584	29.6	262.43	272.96	256.08	.94
Kansas	30,564	35.3	261.45	271.03	256.28	.95
Minnesota	37,781	27.5	255.24	273.29	248.64	.91
Missouri	46,625	24.3	254.65	269.68	249.97	.93
Nebraska	18,097	31.5	256.43	267.85	251.25	.94
North Dakota	5,419	24.7	244.54	258.00	240.25	.93
South Dakota	7,522	30.2	241.57	253.86	236.46	.93
South Atlantic:						
Delaware	6,257	30.9	276.68	303.87	264.73	.87
District of Columbia	3,982	21.7	232.85	247.94	228.53	.92
Florida	200,610	43.8	264.64	279.97	252.94	.91
Georgia	29,229	19.6	233.22	263.97	225.88	.86
Maryland	22,709	18.8	265.51	281.71	261.64	.93
North Carolina	29,866	16.9	236.62	275.67	229.16	.83
South Carolina	14,976	17.3	236.69	275.18	228.90	.83
Virginia	28,266	19.2	244.49	270.54	238.27	.88
West Virginia	13,133	17.1	256.99	279.52	252.12	.90
East South Central:						
Alabama	22,974	18.6	233.79	266.81	226.36	.85
Kentucky	19,969	17.0	234.49	260.81	229.19	.88
Mississippi	16,615	22.0	213.43	252.98	203.18	.80
Tennessee	25,447	17.6	234.73	272.00	227.40	.84
West South Central:						
Arkansas	19,839	23.6	226.38	256.58	217.40	.85
Louisiana	16,080	14.2	236.69	272.16	230.95	.85
Oklahoma	27,865	27.3	244.96	265.65	237.43	.89
Texas	102,383	27.5	244.21	264.91	236.42	.89
Mountain:						
Arizona	39,104	42.5	269.58	281.34	260.04	.92
Colorado	23,424	32.2	255.89	266.62	250.05	.94
Idaho	10,448	36.7	255.82	268.85	248.01	.92
Montana	9,277	35.3	257.59	268.51	251.44	.94
Nevada	6,521	32.4	263.75	272.08	259.51	.95
New Mexico	11,934	35.3	246.27	265.65	234.40	.88
Utah	11,613	35.1	267.22	276.69	261.70	.95
Wyoming	3,943	35.0	258.35	269.37	252.12	.94
Pacific:						
Alaska	907	21.7	264.64	280.16	259.40	.93
California	207,862	28.1	267.16	277.75	262.67	.95
Hawaii	6,160	26.3	265.99	281.73	260.23	.92
Oregon	36,063	37.8	268.93	278.92	262.52	.94
Washington	54,401	40.0	272.55	283.44	264.74	.93
Other areas¹	3,386	4.9	168.47	232.77	165.21	.71
Foreign countries	2,403	4.3	227.89	260.19	226.25	.87

¹ American Samoa, Guam, Puerto Rico, and Virgin Islands.

among various age groups, as indicated in the following tabulation. Relatively more beneficiaries aged 60 and over used direct deposit than those under age 60. Beneficiaries aged 65-71 and those aged 72 and over used direct deposit most often (28 percent and 25 percent, respectively). Only 12 percent of those under age 22 were direct depositors.

Age, race, and sex	OASDI beneficiaries using direct deposit	
	Number	Percent
Age:		
21 and under	538,325	11.9
22-59	580,674	16.7
60-64	947,989	23.6
65-71	2,780,570	27.5
72 and over	3,099,867	24.9
Race:		
White	7,582,828	24.8
Black	302,350	8.6
Other	62,247	11.8
Sex (adult beneficiaries):		
Men	2,985,137	24.9
Women	4,377,047	24.8

The direct-deposit option was chosen by a considerably higher proportion of white beneficiaries (25 percent) than of black beneficiaries (9 percent) and of those of other minority races (12 percent). About equal proportions of men and women beneficiaries used direct deposit.

Amount of Monthly Benefits Deposited

In December 1978, social security cash benefits payable to beneficiaries using direct deposit amounted to \$2 billion or 26 percent of all benefits payable, as table 1 shows. This proportion was somewhat higher than that for the number of beneficiaries using direct deposit (23 percent). Monthly benefit amounts thus averaged higher for direct depositors. Among retired workers, the average monthly benefit amount was \$282.26 for users of the direct deposit procedure, compared with \$256.30 for nonusers. For disabled workers the corresponding average amounts were \$308.49 and \$282.94, respectively. Comparable differences were found among the other benefit categories.

State Variations

The proportion of beneficiaries using direct deposit ranged from 12 percent in Louisiana to 40 percent in Florida (table 2). The percentages of direct depositors were, in general, highest in the Mountain, Pacific, and West North central States and lowest in the Southern States except Florida. In eight States—Arizona, Washington, Oregon, Idaho, Kansas, Montana, Utah, and Wyoming—from 33 percent to 39 percent used direct deposit. In eight other States, 14-17 percent of the beneficiaries chose the direct-deposit option—North Carolina, South Carolina, Ken-

tucky, Tennessee, West Virginia, Alabama, Georgia and Virginia.²

In almost all the States, the percentages of black beneficiaries and of those of other minority races who used direct deposit were considerably below that for white beneficiaries. In five States, less than 5 percent of the black beneficiaries chose the option—Louisiana, South Carolina, Alabama, Arkansas, and Mississippi. The percentages of white direct-depositor beneficiaries in these States ranged from 15 percent in Louisiana to 24 percent in Mississippi. In five additional States—Alaska, Oklahoma, New Mexico, North Dakota, and Arizona—7 percent or less of the beneficiaries of minority races other than black chose direct deposit. The proportion of white beneficiaries in these States who used the direct deposit procedure ranged from 23 percent in North Dakota to 41 percent in Arizona.

In all States, average benefits were higher for retired workers who chose direct deposit than for those who did not choose the option (table 3). The disparity between the benefit amounts was largest in the Southern States. In 13 of the 16 Southern States, the average benefit for retired workers who did not use direct deposit was less than 90 percent of the average amount for those who did choose the option. The disparity was this great in only one of the other 34 States—New Mexico.

² For information about the use of direct deposit in specific metropolitan areas, see Barbara A. Lingg, *Social Security Beneficiaries in Metropolitan Areas, 1978*, Office of Research and Statistics, Social Security Administration, 1980.

Child Support Enforcement Program*

The child support enforcement (CSE) program was established in 1975 by the Secretary as directed in title IV-D of the Social Security Act. The program collects money on behalf of families to compensate the Federal, State, and local governments for payments made under the aid to families with dependent children (AFDC) program by seeking remuneration from absent parents according to their ability to pay.

Applicants to the AFDC program, directed by the Office of Family Assistance of the Social Security Administration, are required to assign support rights to the State, empowering it to seek to establish paternity, when necessary, and to act as a collection vehicle for funds obtained from absent parents. The applicant must also help as much as possible in identifying the absent parent except when there is "good

* Prepared by Kurt Beron. Based on unpublished data from the 1977 AFDC Study and from the 1975 and 1973 studies made by the Office of Research and Statistics, Social Security Administration. Dennis Coriveau, Acting Chief of the Planning and Evaluation Branch, Office of Child Support Enforcement, provided invaluable assistance, and Patrovia Grandy also helped in the preparation of the note.