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COMMON CENTS

A few weeks ago, when the noise at the house was a notch below a roar, I needed to have a laugh or two to keep my hair from falling out. So, I did what I sometimes do in those situations, and went to The Onion's website. For those of you not familiar with The Onion, it is a satirical website and publication, which spoofs contemporary society in an all too realistic manner. To that end, foreign journalists have, on more than one occasion, plagiarized The Onion as fact, not understanding American humor, if you want to call it that.

Yes, sometimes The Onion misses, wildly, and sometimes the articles are decidedly indelicate and inappropriate. However, when it hits home, brother, it can be hilarious. Fortunately, on this night, I was in for a treat.

Since it is a relatively short, I am just going to cut and paste it here. If The Onion doesn't like it, I would have to question why it doesn't like free advertising, of sorts. Here it is:

Retired Factory Worker Had No Idea Earnings From '50s Would Have To Support 3 Generations Of Family

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STERLING, IL—Saying it was the furthest thing from his mind when he clocked in each day at the Northwestern Steel and Wire factory in the 1950s, retired laborer Henry Mitchell, 84, told reporters Monday that he had absolutely no idea his earnings from six decades ago would have to support the next three generations of his family. "Back then, I knew I needed the money I was making on the production line to feed and clothe my kids, but I really had no clue that my grandkids and even their kids would still rely on it all these years later," said Mitchell, noting that, had he realized his wages operating a metal rolling machine during the middle of the previous century would eventually be called upon to provide for 11 separate family members, he would have done a better job budgeting his weekly salary of \$65. "At this point, I've pretty much run through my savings paying off my son's mortgage. And, no matter how I cut it, my pension dollars just aren't going to stretch much farther, not with [grandchildren] Tom and Karen still out of work and five great-grandchildren who will one day need to go to college. Boy, I wish I'd gotten that promotion to furnace operator sooner." Mitchell then lamented to reporters that things could have been better for his descendants if only he hadn't taken his wife on that expensive cross-country honeymoon railroad trip in 1951.

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Of all the public services, education is the one I'm most interested in. You get a more dynamic economy, you deal with most social problems, and it's morally right.
George Osborne

Something to Think About Cont.

Perhaps I have a warped sense of humor, but this tickled me, although I know it shouldn't have. Why? As with most funny things in life, there is more than a little truth to it. Unfortunately, there just might be a lot of truth to it, and, while the satire might be funny, the reality certainly isn't.

Here are some very sobering facts from the Census Bureau. Trust me, these aren't funny:

7.0 million

The number of grandparents whose grandchildren younger than 18 were living with them in 2010. Source: U.S. Census Bureau, 2010 American Community Survey.

2.7 million

The number of grandparents responsible for the basic needs of one or more grandchildren under 18 living with them in 2010. Of these caregivers, 1.7 million were grandmothers and 1.0 million were grandfathers. Source: U.S. Census Bureau, 2010 American Community Survey.

580,000

The number of grandparents responsible for grandchildren under 18 and whose income was below the poverty level in the past 12 months compared with the 2.2 million grandparent caregivers whose income was at or above the poverty level. Source: U.S. Census Bureau, 2010 American Community Survey.

\$45,000

Median income for families with grandparent householders responsible for grandchildren under 18. *Among these families, where a parent of the grandchildren was not present, the median income was \$33,000.* Source: U.S. Census Bureau, 2010 American Community Survey.

1.9 million

The number of married (including separated) grandparents responsible for caring for their grandchildren. Source: U.S. Census Bureau, 2010 American Community Survey.

1.7 million

The number of grandparents responsible for grandchildren who were in the labor force, out of the total 2.7 million who were responsible for grandchildren. Source: U.S. Census Bureau, 2010 American Community Survey.

670,000

The number of grandparents who had a disability and were responsible for their grandchildren. Source: U.S. Census Bureau, 2010 American Community Survey.

1.9 million

The estimate of grandparents responsible for their grandchildren who were living in owner-occupied housing, compared with 840,000 that were living in renter-occupied housing. Source: U.S. Census Bureau, 2010 American Community Survey.

490,000

The number of foreign-born grandparents responsible for their own grandchildren younger than 18. This contrasts with 2.2 million native-born grandparent caregivers. Source: U.S. Census Bureau, 2010 American Community Survey.

Something to Think About Cont.

2.1 million

The number of grandparents responsible for their grandchildren, who speak only English. Another 270,000 speak another language, but speak English “very well”; 390,000 speak another language and speak English less than “very well.” Source: U.S. Census Bureau, 2010 American Community Survey.

10%

Percentage of children in the U.S. living with a grandparent in 2010, totaling 7.5 million. Source: America's Families and Living Arrangements: 2010.

Please note the median income for families with grandparent householders responsible for grandchildren under 18: \$45,000. Further note: “among these families, where a parent of the grandchildren was not present, the median income was \$33,000.” In 2011, the median household income in the US was \$50,054; that is for all families of all types.

Now, but for the Grace of God go I. At present, I have no way of knowing whether I will end up in these statistics. Who knows? I might not be blessed with grandchildren, and this would be moot point. However, some sort of calamity might befall my children in the future, and I would gladly step in and carry their mantle if I need to do so. They might not be able to support their families due to yet unknown, and unforeseen, economic circumstances. There is a laundry list of potentialities.

However, given the sheer numbers, and the income levels, I believe you could make a sentient argument there is a large segment of the potential work force who has forced their parental responsibilities on people who are already having a difficult enough time financially. Again, please consider the numbers: for all families with this arrangement, the median household income is \$45,000. When one of the parents isn't present, that number falls to \$33,000. As such, doing some quick, and imperfect math, it would seem the parental generation is bringing home around \$12,000.

That works out to be roughly: 1 parent working 31.83 hours a week at the Federal minimum wage, and that is the median. A such, using the definition of median, half of the parental generation isn't even doing that much. Hey, I admit, it would be extremely difficult to raise a child working slightly less than full time making \$7.25/hour. It would be darn near impossible doing less, which 50% of parents in this familial arrangement seem to be doing.

The numbers are staggering: 7.5 million children in the US living with a grandparent in 2010. Does that even compute, 7.5 million? How many of these aren't learning a work ethic from their parents, which is how children actually learn such things? Several million, with more children waiting in the wings and waiting to be

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This report is designed to provide an insightful and entertaining commentary on the investment markets and economy. The opinions expressed reflect the judgment of the author as of the date of publication and are subject to change without notice; they do not represent the official opinions of the author's employer unless clearly expressed within the document.

The opinions expressed within this report are those of John Norris as of the date listed on the first page of the document. They are subject to change without notice, and do not necessarily reflect the views of Oakworth Capital Bank, its directors, shareholders, and employees.

Something to Think About Cont.

born? After all, the percent of children born to out of wedlock mothers has significantly increased over the last couple of decades. Take a look at the table to see just who is having babies in the United States:

Table 2.

Recent Births to Unmarried Women Aged 15 to 50, by Selected Characteristics: 2011

For information on confidentiality protection, sampling error, nonsampling error, and definitions, see www.census.gov/acs/www

Characteristics	Total births		Nonmarital births		Percent nonmarital births	
	Number	Margin of error ₁	Number	Margin of error ₁	Percent	Margin of error ₁
U.S. total	4,113,472	38,125	1,467,435	22,785	35.7	0.5
EDUCATIONAL ATTAINMENT						
Less than high school	675,127	16,572	384,605	11,099	57.0	1.1
High school graduate	941,463	16,769	460,974	12,446	49.0	1.0
Some college	1,295,505	21,041	515,912	13,326	39.8	0.7
Bachelor's degree or more	1,201,377	19,043	105,944	6,032	8.8	0.5
HOUSEHOLD INCOME₂						
Less than \$10,000	314,630	9,766	216,777	8,709	68.9	1.5
\$10,000 to \$14,999	190,684	6,978	116,416	6,133	61.1	2.1
\$15,000 to \$24,999	419,568	12,612	221,662	8,141	52.8	1.4
\$25,000 to \$34,999	406,314	12,153	188,907	7,850	46.5	1.3
\$35,000 to \$49,999	546,395	14,937	215,029	9,390	39.4	1.3
\$50,000 to \$74,999	748,000	16,248	221,478	10,035	29.6	1.1
\$75,000 to \$99,999	533,085	13,094	117,818	7,286	22.1	1.2
\$100,000 to \$149,999	558,394	13,624	102,425	6,440	18.3	1.0
\$150,000 to \$199,999	197,011	8,056	27,250	3,374	13.8	1.5
\$200,000 and above	166,796	7,549	15,045	2,186	9.0	1.2

Take a look at that: in 2011, 554,335 out of wedlock children were born to households with less than \$25,000 in household income; that works out to be 37.8% of unwed births. Compare that to only 14% for wed mothers. Further, if the median household income in the US is right at \$50,000, well, 65.3% of all non-marital births were in households with less than the median income; compared to only 45.6% of all births in 2011. As a result, is it any wonder why so many grandparents are getting stuck raising their children's children?

Now, I have been very fortunate and very blessed, and perhaps I am a little naïve, but this doesn't compute. I don't understand, and I don't understand why our system apparently condones this. How else can you explain more than a doubling of the percent of unwed births to all births since 1980? Perhaps my lack of understanding is indicative of our leaders in Washington: how can we address the problem when the problem doesn't make sense to us? How can we tackle the lack of economic opportunity in communities where the work ethic has been eroded over decades?

Even so, I would submit the gravest ills to society are committed when society fails to provide opportunity. Fatalism is a powerful force, but optimism ordinarily trumps it. People are generally more optimistic about the future when they are well-trained and have a strong work ethic....you can't just throw money at the problem and hope it will go away.

This is what I would like to see Washington and state & local governments tackle: economic enfranchisement. How can we enfranchise enormous segments of our population so they can succeed in life and business? Yet, the low hanging fruit remains things like budget deficits, which no one really wants to tackle, and the 2nd Amendment, which is silly because the government can kill us from outer space if it so desire. I can have as many M-16s, AR-15s, and AK-47s as I want: if the Feds want me dead, they can send a drone over my house and blast me to smithereens, well out of range of any legally obtainable firearm. I digress.

Something to Think About Cont.

Now, why did I include this in today's piece? Well, in case you didn't notice, the government announced the economy shrank at a 2.9% rate in 1Q 2014. The truth was a little better than that, but the fact remains: since 1999, the economy has grown at a 1.85% annual clip, which is anemic. All the while, the stuff in the tables has exploded. Causation or correlation or coincidence? I don't think anyone can tell you with certainty; however, I will tell you one thing: we aren't doing something correctly as a society and an economic, and we need to get to the bottom of it and understand the causes, whether it is good for reelection or not...or whether it is popular or not.

Why?

Because stories like the one from The Onion on the front page are funny, for a reason: there is a lot of truth in them. Unfortunately, there shouldn't be.