Local Infrastructure Funding November Election Results

Infrastructure has emerged victorious in six of eight states. California, Hawaii, Maryland, Rhode Island, Texas, and Wisconsin, all voted by large majorities to fund their state’s needs:

Maryland and Wisconsin voted to prevent their Infrastructure Trust Funds from being diverted for general use.

Texas established an infrastructure fund that will draw on oil and gas taxes as well as borrow from “rainy day” coffers.

Rhode Island will invest significantly in mass transit.

Hawaii Dam and Reservoir owners will be able to request financial assistance to maintain and repair structures in order to ensure compliance with Hawaii’s safety standards.

Californian voted to invest in drought related projects that will improve water storage and reclamation and improve access to clean water in several parts of the state.

The American Society of Civil Engineers reported as follows: “In light of the recent elections, infrastructure investment has now moved from a topic of discussion into a plan for action in many states. With the nation’s pressing infrastructure needs and limited federal funds available, ASCE is pleased that many states are finding creative ways to pay for infrastructure improvements through other means.

Though several states are making proactive strides to improve infrastructure through investment, not all states are willing to take these steps. Massachusetts voters repealed gas tax indexing, which would have provided critical funding for transportation in the state. Louisiana also rejected a ballot initiative which would have created an infrastructure bank.
Ballot measures to improve state infrastructure are steps in the right direction but are not enough without long-term, sustainable funding at the federal level. Voters demonstrated they want more investment in infrastructure. Now it’s time for Congress to respond to that plea.

Of the county and local transportation-related initiatives:

- 20 of the 33 measures (61 percent) to increase a gasoline or general sales tax for transportation investment were approved.
- 14 of the 15 measures (93 percent) to issue local bonds for transportation investment were approved.
- 23 of the 35 measures (63 percent) to increase property taxes for transportation investment were approved.

In addition to local funding initiatives, states rely on federal funds for approximately 52 percent of their highway and bridge capital investments.”

What Do Election Results Mean for Infrastructure Investments?

November’s election results will bring new faces to critical leadership positions in Congress:

Congressman Bill Shuster (R-PA) is expected to remain as chair of the House Transportation & Infrastructure Committee. Senator Jim Inhofe (R-OK) is expected to take over as the new chair of the Environment and Public Works Committee, which has jurisdiction over MAP-21 and other critical infrastructure programs.

Barbara Boxer (D-Calif.) will have to relinquish the gavel as chair of the Senate Committee on Environment and Public Works. Boxer will likely become ranking Democrat on the full committee because it handles issues of interest to her. At the Senate EPW Subcommittee on Water and Wildlife, Sen. John Boozman of (R-Ark.) is in line to take the chair, replacing Sen. Benjamin Cardin (D-Md.).

On the House side, congressional insiders believe Rep. Fred Upton (R-Mich.) will most likely remain chair of the House Committee on Energy and Commerce, which is the full committee with direct jurisdiction over drinking water. Rep. Frank Pallone, Jr. (D-N.J.) and Rep. Anna Eshoo (D-Calif.) are both seeking to replace the current ranking committee Democrat, Rep. Henry Waxman (D-Calif.), after his pending retirement. Rep. John Shimkus (R-Ill.), will likely keep the gavel on the Subcommittee on Environment and the Economy, which is the subcommittee with oversight of drinking water. The ranking Democrat on the subcommittee will remain Rep. Paul Tonko (D-N.Y.).
With respect to wastewater, the Republican leadership of the House Transportation and Infrastructure Committee, which oversees the Clean Water Act, is expected to remain in place. However, the ranking Democrats on the full committee and the water subcommittee both lost their reelection bids and will be replaced.

Congressional Republicans are expected to step up their push against the proposed EPA rule defining Waters of the United States and against the Clean Power Plan. The most likely line of attack is through the appropriations process. Hearings and bills are also expected that are designed to force EPA to reveal all the data it uses and to provide specific information on confidence levels and “central estimates of risk” in the rulemaking process.

Additionally the election raises the likelihood that there will be efforts on the Hill to reduce the EPA budget.

Source: American Council of Engineering Companies, American Water Works Association

### Status Quo on Infrastructure Hampers Competitiveness

A new study commissioned by the National Association of Manufacturers (NAM) and conducted by Inforum at the University of Maryland offers a view into the economic benefits the U.S. economy would reap with a more concerted effort to address the nation’s infrastructure needs. In total, the study finds that a targeted and long-term increase in public infrastructure investments from all public and private sources over the next 15 years will:

- Increase jobs by almost 1.3 million at the onset of an initial boost;
- Grow real GDP 1.3 percent by 2020 and 2.9 percent by 2030;
- Create a progressively more productive economy, which, due to cumulative effects through time, will benefit from a $3 return on investment for every $1 invested in infrastructure by 2030; and
- Provide Americans an increase in take-home pay after taxes—a $1,300 net gain per household by 2020 and $4,400 per household by 2030 (measured in 2009 dollars).

The report also reveals a decade of troubling trends in infrastructure formation, such as a 3.5 percent drop per year in the volume of highway, road and bridge investments as well as further sharp decreases in mass transit, aviation and water transportation infrastructure investment.

“The United States is stuck in a decade-long period of decline that will eventually harm job creation, future productivity and our ability to compete head-to-head with companies all over the globe,” said NAM President and CEO Jay Timmons. “As we sit idle, our competitors are churning out investments in their infrastructure. As this study demonstrates, substantial economic benefits result
from a targeted and long-term increase in public infrastructure investments from public and private sources. Manufacturers call on Congress to consider this sobering data as it acts to fulfill its well-established responsibility of facilitating commerce in the United States. We need legislation passed to help fund transportation and infrastructure.”

“The quality and quantity of current U.S. infrastructure is deficient, and these deficiencies are already hampering economic growth,” said University of Maryland Professor and Inforum Executive Director Jeffrey Werling. “We know that well-planned infrastructure investments can provide high, long-term returns to investment, and they can also boost jobs and growth in the short term. It is time to cut through the political smoke and mirrors to make a commitment to stronger and smarter infrastructure investment.”

**Lame Duck Congress Needs to Pass an Appropriations Bill**

In order to avoid a possible government shutdown as early as December 12 the 113th Congress will have to pass an appropriation bill that funds the government for all or part of 2015, after the current continuing resolution (CR) expires.

Congress has several options to keep the government open into next year:

- An omnibus appropriations bill that would fund the government for the remainder of fiscal year 2015,
- A CR that also would fund the government for the remainder of the fiscal year, or
- A short term CR that would fund the government into early 2015.

The $1.014 trillion discretionary spending package would combine all 12 appropriations bills into a single "omnibus bill" with funding that reflects congressional and Administration priorities. In contrast, the full year CR would extend current funding levels for another year without consideration for congressional or Administration priorities.

A short term CR would maintain current spending levels into the first few months of the 114th Congress. This would give the new Congress an opening to reduce funding for programs.

Sen. Mitch McConnell (R-KY), has indicated that he would like to pass a fiscal year 2015 Omnibus Appropriations bill before the 113th Congress ends and the 114th Congress convenes. Both the House and Senate agree on the top number: $1.014 trillion. Congressional staff are very close to finalizing a spending agreement that is supportive of many important nondefense discretionary
programs. However, it is still unknown how the House and Senate Republican caucuses will react to such a plan, and whether they will insist on a short term CR that enables the 114th Congress to establish government spending for the final six months of the year.

Even if Congress can agree on an omnibus appropriations bill, the potential for conflict with the White House in the very near future still exists. Though leadership has said they want a clean bill, their rank and file may demand that any appropriations bill passed must include policy riders that would undermine the Affordable Care Act, the Dodd-Frank Financial Services Act, Environmental Protection Agencies’ recent regulations to address climate change, or the White House’s push for immigration reform. Such requirements would possibly lead to a government shutdown or force the passage of a short term CR.

2014 USDOT TIGER Awards

The Department of Transportation would provide $600 million for 72 transportation projects in 46 states and the District of Columbia from its TIGER (Transportation Investment Generating Economic Recovery) 2014 program.

The Department received 797 eligible applications from 49 states, U.S. territories and the District of Columbia, an increase from the 585 applications received in 2013. Overall, applicants requested 15 times the $600 million available for the program, or $9 billion for needed transportation projects.

More information about the specific 2014 TIGER grants can be found here.

State and Local Government Workforce: 2014 Trends

According to a survey conducted by the Center for State & Local Government Excellence, local and state governments continue their hiring trend although their workforces are still smaller since the 2008 economic downturn; recruitment and retention continue to be challenges; and pressure on benefits continues, particularly health care.

At the same time, the pace of retirements quickened:

- 49 percent reported higher levels of retirement in 2013 than 2012.
- 22 percent reported employees had accelerated their retirement.

Looking ahead, the majority of respondents say their top concerns are:
• recruiting and retaining qualified personnel
• staff development
• succession planning
• employee morale
• competitive compensation packages
• public perception of government workers
• reducing employee health care costs
• dealing with increased employee workloads

Housing Markets Inch Toward Full Recovery

Markets in 59 of the approximately 350 metro areas nationwide returned to or exceeded their last normal levels of economic and housing activity in the third quarter of 2014, according to the National Association of Home Builders (NAHB) /First American Leading Markets Index (LMI).

This represents a year-over-year net gain of seven markets. The index’s nationwide score moved up slightly from .89 in the second quarter to .90, meaning that based on current permit, price and employment data, the nationwide average is running at 90 percent of normal economic and housing activity. Meanwhile, 66 percent of markets have shown an improvement year-over-year.

“The markets are recovering at a slow, gradual pace,” said NAHB Chairman Kevin Kelly, a home builder and developer from Wilmington, Del. “Continued job creation, economic growth and increasing consumer confidence should help spur pent-up demand for housing.”

“An uptick in the number of single-family permits, which is currently only 44 percent of normal activity, is the key to a full-fledged housing recovery,” said NAHB Chief Economist David Crowe. “In the 17 metros where permits are at or above normal, the overall index shows that these markets have fully recovered.”

“Nearly half of all the markets on the Leading Markets Index are up since August, which is a good sign that the ongoing housing recovery will keep moving forward in 2015,” said Kurt Pfotenhauer, vice chairman of First American Title Insurance Company, which co-sponsors the LMI report.

Looking at smaller metros, both Midland and Odessa, Texas, boast LMI scores of 2.0 or better, meaning their markets are now at double their strength prior to the recession. Also leading the list of smaller metros are Grand Forks, N.D; Bismarck, N.D.; and Casper, Wyo., respectively.

Latest Economic Indicators at a Glance
Annual Employment Report

Total nonfarm payroll employment rose by 214,000 in October, and the unemployment rate edged down to 5.8 percent. Employment increased in food services and drinking places, retail trade, and health care.

Both the unemployment rate (5.8 percent) and the number of unemployed persons (9.0 million) edged down in October. Since the beginning of the year, the unemployment rate and the number of unemployed persons have declined by 0.8 percentage point and 1.2 million, respectively.

Construction Employment

The U.S. construction industry added 12,000 jobs in October. Nonresidential construction slipped in October, losing 1,900 jobs on a monthly basis.

“Recent data regarding nonresidential construction activity have been a bit disappointing,” said Associated Builders and Contractors Chief Economist Anirban Basu. “Most contractors seem to be suggesting that their business prospects have been improving and are likely to continue to do so. However, the most recent readings on nonresidential construction spending and nonresidential construction employment have suggested a slowing in the rate of expansion. In fact, according to BLS, the nation’s nonresidential construction sector actually shed jobs in October.”

The national construction unemployment rate dropped from 7 percent to 6.4 percent on a non-seasonally adjusted basis in October, reaching its lowest level since November 2007.

“Despite disappointing monthly nonresidential numbers, the data remain positive on a year-over-year basis,” said Basu. “The construction unemployment rate declined meaningfully in October, indicating that part of the lack of job growth may be attributable to growing difficulties securing skilled talent. This, in combination with ongoing malaise in public sector construction spending, is likely at the heart of October’s disappointing nonresidential construction employment figures.”

Construction employment totaled 6,095,000 in October, the highest total since May 2009, with a 12-month gain of 231,000 jobs or 3.9 percent. Nonresidential contractors—building, specialty trades, and heavy and civil engineering—experienced an overall gain of 3,600 employees for the month and 99,800 (2.7 percent) over 12 months.

Consumer Confidence
The Conference Board Consumer Confidence Index®, which had decreased in September, rebounded in October. The Index now stands at 94.5 (1985=100), up from 89.0 in September.

Says Lynn Franco, Director of Economic Indicators at The Conference Board: “Consumer confidence, which had declined in September, rebounded in October. A more favorable assessment of the current job market and business conditions contributed to the improvement in consumers’ view of the present situation. Looking ahead, consumers have regained confidence in the short-term outlook for the economy and labor market, and are more optimistic about their future earnings potential. With the holiday season around the corner, this boost in confidence should be a welcome sign for retailers.”

**Gross Domestic Product (GDP)**

Real gross domestic product increased at an annual rate of 3.5 percent in the third quarter of 2014. In the second quarter, real GDP increased 4.6 percent.

**Consumer Price Index**

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in September on a seasonally adjusted basis. Over the last 12 months, the all items index increased 1.7 percent before seasonal adjustment.

Increases in shelter and food indexes outweighed declines in energy indexes to result in the seasonally adjusted all items increase. The food index rose 0.3 percent as five of the six major grocery store food group indexes increased. The energy index declined 0.7 percent as the indexes for gasoline, electricity, and fuel oil all fell.

The index for all items less food and energy increased 0.1 percent in September. Along with the shelter index, the index for medical care increased, and the indexes for alcoholic beverages and for personal care advanced slightly. Several indexes were unchanged, and the indexes for airline fares and for used cars and trucks declined in September.

**Producer Price Index**

The Producer Price Index for final demand decreased 0.1 percent in September, seasonally adjusted. Final demand prices were unchanged in August and advanced 0.1 percent in July. On an unadjusted basis, the index for final demand increased 1.6 percent for the 12 months ended in September.

**Productivity and Costs**

Nonfarm business sector labor productivity increased at a 2.0 percent annual
rate during the third quarter of 2014 as output increased 4.4 percent and hours worked increased 2.3 percent. From the third quarter of 2013 to the third quarter of 2014, productivity rose 0.9 percent as output and hours worked increased 3.0 percent and 2.1 percent, respectively.

Factory Orders

New orders for manufactured durable goods in September decreased $3.2 billion or 1.3 percent to $241.6 billion. This decrease, down two consecutive months, followed an 18.3 percent August decrease. Excluding transportation, new orders decreased 0.2 percent. Excluding defense, new orders decreased 1.5 percent.

Transportation equipment, also down two consecutive months, led the decrease, $2.8 billion or 3.7 percent to $73.4 billion.

Employment Cost Index

Compensation costs for civilian workers increased 0.7 percent, seasonally adjusted, for the 3-month period ending September 2014. Wages and salaries (which make up about 70 percent of compensation costs) increased 0.8 percent, and benefits (which make up the remaining 30 percent of compensation) increased 0.6 percent.

Civilian Workers

Compensation costs for civilian workers increased 2.2 percent for the 12-month period ending September 2014. In September 2013, the increase in compensation costs was 1.9 percent. Wages and salaries increased 2.1 percent for the 12-month period ending September 2014, compared with 1.6 percent in September 2013. Benefit costs increased 2.4 percent for the 12-month period ending September 2014, compared with a 2.2 percent increase for the 12-month period ending September 2013.

Private Industry Workers

Compensation costs for private industry workers increased 2.3 percent over the year. In September 2013 the increase was 1.9 percent. Wages and salaries increased 2.3 percent for the current 12-month period ending September 2014. In September 2013 the increase was 1.8 percent. The increase in the cost of benefits was 2.3 percent for the 12-month period ending September 2014. In September 2013, the increase in the cost of benefits was 2.0 percent. Employer costs for health benefits increased 2.6 percent over the year. In September 2013 the increase was 2.7 percent.

Among occupational groups, compensation cost increases for private industry workers for the 12-month period ending September 2014 ranged from 1.8
percent for service occupations to 2.4 percent for natural resources, construction, and maintenance occupations and production, transportation, and material moving.

Among industry supersectors, compensation cost increases for private industry workers for the current 12-month period ranged from 1.4 percent for construction to 4.3 percent for information.

State and Local Government Workers

Compensation costs for state and local government workers increased 2.1 percent for the 12-month period ending September 2014, compared with 1.7 percent for September 2013. Wages and salaries increased 1.6 percent for the 12-month period ending September 2014, compared with 0.9 percent in September 2013. Benefit costs increased 3.0 percent in September 2014. In September 2013, the increase was 2.9 percent.

Real Earnings

Real average hourly earnings for all employees fell 0.2 percent from August to September, seasonally adjusted. This result stems from unchanged average hourly earnings combined with a 0.1 percent increase in the Consumer Price Index for All Urban Consumers.

Real average weekly earnings increased by 0.2 percent over the month due to a 0.3 percent increase in the average workweek more than offsetting the decline in real average hourly earnings.

Real average hourly earnings increased by 0.3 percent, seasonally adjusted, from September 2013 to September 2014. This gain in real average hourly earnings, combined with a 0.3 percent increase in the average workweek, resulted in a 0.6 percent increase in real average weekly earnings over this period.

Construction Spending

Construction spending during September 2014 was estimated at a seasonally adjusted annual rate of $950.9 billion, 0.4 percent below the revised August estimate of $955.2 billion. The September figure is 2.9 percent above the September 2013 estimate of $924.2 billion.

During the first 9 months of this year, construction spending amounted to $710.1 billion, 6.1 percent above the $669.3 billion for the same period in 2013.
Spending on private construction was at a seasonally adjusted annual rate of $680.0 billion, 0.1 percent below the revised August estimate of $680.8 billion. Residential construction was at a seasonally adjusted annual rate of $349.1 billion in September, 0.4 percent above the revised August estimate of $347.7 billion. Nonresidential construction was at a seasonally adjusted annual rate of $331.0 billion in September, 0.6 percent below the revised August estimate of $333.0 billion.

In September, the estimated seasonally adjusted annual rate of public construction spending was $270.9 billion, 1.3 percent below the revised August estimate of $274.4 billion. Educational construction was at a seasonally adjusted annual rate of $62.8 billion, 0.1 percent above the revised August estimate of $62.8 billion. Highway construction was at a seasonally adjusted annual rate of $79.9 billion, 3.7 percent below the revised August estimate of $82.9 billion.

Nonresidential Construction Spending

The U.S. construction industry added 12,000 jobs in October, according to the Bureau of Labor Statistics (BLS) preliminary estimate released Nov. 7. September’s estimate was revised upward from 16,000 to 19,000 net new jobs. Nonresidential construction slipped in October, losing 1,900 jobs on a monthly basis.

“Recent data regarding nonresidential construction activity have been a bit disappointing,” said Associated Builders and Contractors Chief Economist Anirban Basu. “Most contractors seem to be suggesting that their business prospects have been improving and are likely to continue to do so. However, the most recent readings on nonresidential construction spending and nonresidential construction employment have suggested a slowing in the rate of expansion. In fact, according to BLS, the nation’s nonresidential construction sector actually shed jobs in October.”

The national construction unemployment rate dropped from 7 percent to 6.4 percent on a non-seasonally adjusted basis in October, reaching its lowest level since November 2007.

“Despite disappointing monthly nonresidential numbers, the data remain positive on a year-over-year basis,” said Basu. “The construction unemployment rate declined meaningfully in October, indicating that part of the lack of job growth may be attributable to growing difficulties securing skilled talent. This, in combination with ongoing malaise in public sector construction spending, is likely at the heart of October’s disappointing nonresidential construction employment figures.”

Construction Materials Prices
Construction materials prices inched down 0.1 in September, but rose 1.6 percent compared to the same time last year, according to the U.S. Department of Labor’s Oct. 15 Producer Price Index. Prices for inputs to construction industries have remained unchanged from June to August—the longest such period since the price index for construction inputs began in 1986. Inputs to nonresidential construction fell 0.2 percent for the month, but were 1 percent higher than in September 2013.

Crude energy materials prices declined 1 percent in September and are 7.9 percent lower than one year ago. Natural gas prices climbed 4 percent in September after decreasing in the three previous months. However, on a year-over-year basis, natural gas prices have expanded for 22 consecutive months.

“The decline in oil prices has been simply stunning and is largely in response to growing evidence of weakness in Europe,” said Associated Builders and Contractors chief economist Anirban Basu. “Forecasts of European economic performance are seemingly being downgraded on a daily basis, including forecasts of Germany’s economy, which heretofore has been a reasonably strong performer.

“Without the decline in oil prices, which could fall even further looking ahead, materials prices in the aggregate would not have decreased in September,” said Basu. “In fact, a number of materials prices actually rose during the month, including iron and steel (0.5 percent) and softwood lumber (2.7 percent). Stakeholders also should note that the U.S. dollar has been rising for much of 2014, which has a tendency to suppress materials price increases.”

The following materials prices increased in September.

- Softwood lumber prices expanded 2.7 percent and are 10.2 percent higher than one year ago.
- Prices for plumbing fixtures expanded 0.1 percent in September and are up 3.1 percent on a year-over-year basis.
- Steel mill products prices rose 0.1 percent for the month and are 4.7 percent higher than one year ago.
- Nonferrous wire and cable prices grew 0.1 percent on a monthly basis, but are unchanged from one year ago.
- Prices for prepared asphalt, tar roofing, and siding expanded 0.2 percent for the month, but are down 9.8 percent on a year-ago basis.
- Iron and steel prices expanded 0.5 percent in September and are up 4.6 percent from the same time last year.
- Natural gas prices expanded 4 percent in September and are 9.9 percent higher than one year ago.

Four of the 11 key construction inputs did not experience price increases for the month.
• Concrete products prices fell 0.3 percent in September, but are up 3.6 percent on a year-over-year basis.
• Fabricated structural metal products remained flat for the month and have expanded 1.9 percent on a year-over-year basis.
• Crude petroleum prices fell 3.9 percent in September and are down 15.5 percent from the same time last year.
• Crude energy materials prices fell 1 percent in September and are 7.9 percent lower year over year.

Retail Sales

U.S. retail and food services sales for September, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $442.7 billion, a decrease of 0.3 percent from the previous month, but 4.3 percent above September 2013. Total sales for the July through September 2014 period were up 4.5 percent from the same period a year ago. The July to August 2014 percent change was unrevised from 0.6%.

Retail trade sales were down 0.4 percent from August 2014, but 4.0 percent above last year. Auto and other motor vehicle dealers were up 10.4 percent from September 2013 and food services and drinking places were up 7.1 percent from last year.

New Residential Sales

Sales of new single-family houses in September 2014 were at a seasonally adjusted annual rate of 467,000. This is 0.2 percent above the revised August rate of 466,000 and is 17.0 percent above the September 2013 estimate of 399,000.

The median sales price of new houses sold in September 2014 was $259,000; the average sales price was $313,200. The seasonally adjusted estimate of new houses for sale at the end of September was 207,000. This represents a supply of 5.3 months at the current sales rate.

New Residential Construction

Privately-owned housing units authorized by building permits in August were at a seasonally adjusted annual rate of 998,000. This is 5.6 percent below the revised July rate of 1,057,000, but is 5.3 percent above the August 2013 estimate of 948,000.

Single-family authorizations in August were at a rate of 626,000; this is 0.8 percent below the revised July figure of 631,000. Authorizations of units in buildings with five units or more were at a rate of 343,000 in August.
Privately-owned housing starts in August were at a seasonally adjusted annual rate of 956,000. This is 14.4 percent below the revised July estimate of 1,117,000, but is 8.0 percent above the August 2013 rate of 885,000.

Single-family housing starts in August were at a rate of 643,000; this is 2.4 percent below the revised July figure of 659,000. The August rate for units in buildings with five units or more was 304,000.

Privately-owned housing completions in August were at a seasonally adjusted annual rate of 892,000. This is 3.2 percent above the revised July estimate of 864,000 and is 16.9 percent above the August 2013 rate of 763,000.

Single-family housing completions in August were at a rate of 591,000; this is 8.2 percent below the revised July rate of 644,000. The August rate for units in buildings with five units or more was 292,000.

U.S. Trade Balance

Total September exports of $195.6 billion and imports of $238.6 billion resulted in a goods and services deficit of $43.0 billion, up from $40.0 billion in August, revised. September exports were $3.0 billion less than August exports of $198.6 billion. September imports were $0.1 billion more than August imports of $238.6 billion.

In September, the goods deficit increased $2.4 billion from August to $62.7 billion, and the services surplus decreased $0.6 billion from August to $19.6 billion. Exports of goods decreased $2.6 billion to $136.1 billion, and imports of goods decreased $0.1 billion to $198.7 billion. Exports of services decreased $0.4 billion to $59.5 billion, and imports of services increased $0.2 billion to $39.9 billion.

The goods and services deficit increased $0.8 billion from September 2013 to September 2014. Exports were up $5.3 billion, or 2.8 percent, and imports were up $6.1 billion, or 2.6 percent.