Funding Shortage could delay U.S. Road, Rail Projects this Summer

U.S. transportation officials warned lawmakers this month that dwindling funds for highway and rail projects may cause delays in work this summer during the height of the construction season unless they quickly approve billions of dollars in new funding.

The Highway Trust Fund, which receives money from a federal tax on every gallon of gasoline and diesel fuel sold in the United States, is expected to become insolvent by 2015.

Funding for some programs could fall to dangerously low levels by this summer, forcing the Department of Transportation to delay payments to states, Peter Rogoff, the department's acting under secretary for policy testified before Congress.

"If the trust fund were to become insolvent, hundreds of thousands of jobs across the nation could be at risk and our ability to address the many road, rail, and transit needs in every state will be severely impeded," Rogoff said.

The highway segment of the trust fund, he said, could fall below $4 billion by July and the transit segment could fall below $1 billion in August. The United States levies 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel to pay for transportation projects. But fuel use is now lower than projected as vehicles become more efficient, and that tax is no longer enough to feed the fund.

Congress has enacted temporary patches allowing money from the general fund to be transferred to the Highway Trust Fund to pay for some transportation projects. A temporary measure passed in 2012 to fund surface transportation projects including roads and bridges for two years is set to expire on September 30.

Transportation officials and some lawmakers fear that if the law lapses it could set the United States economy back as costly infrastructure projects are delayed.
Testifying before the House of Representatives Subcommittee on Highways and Transit, the officials urged lawmakers to adopt a long-term funding measure and to authorize the $302 billion sought in President Barack Obama’s 2015 budget proposal that would fund the transportation projects for another four years.

The Department of Transportation has also warned of a growing "infrastructure deficit" given the number of major projects that need to be undertaken, including the repair or replacement of outdated bridges. Some advocates have pushed for an increase in the fuel tax to keep the trust fund from insolvency, but many lawmakers are reluctant to raise the taxes. Obama instead has proposed raising new money by ending some tax breaks for businesses. The gas tax was last increased in 1993.

Therese McMillan, deputy administrator at the Federal Transit Administration, said the United States needs to invest in transit safety, keeping roads in good repair and increasing capacity in congested urban areas.

"These investments are needed to create the 21st century public transportation systems our nation deserves and needs to be competitive," McMillan said.

The pleas come days after the American Public Transport Association said that ridership on U.S. trains, buses and commuter rail rose by 1.1 percent in 2013 to 10.7 billion trips, the highest since 1956. Transit ridership, up 37 percent since 1995, has far outpaced population growth in that time.

The officials testifying on Wednesday, who also included staff from the Federal Highway Administration and the National Highway Traffic Safety Administration, said they planned to send Congress a proposal for the reauthorization of transportation funding in coming weeks.

**Water Bill Set to be Introduced This Month**

Representatives John Duncan (R-TN) and Bill Pascrell (D-NJ) are expected this month to reintroduce legislation to give states greater flexibility to raise funds in the bond market to support water projects.

The measure would waive the state volume cap on “private activity bonds”—tax-exempt bonds used to finance private development—for water and wastewater projects, significantly expanding the availability of low-cost financing for local communities. Congressman Pascrell has been championing this effort for many years and Congressman Duncan is the chairman of the newly established Public-Private Partnership panel of the House Transportation and Infrastructure Committee.
Despite the need for critical water infrastructure financing, private activity bonds are rarely used for these activities because of the volume cap limitations.

“This legislation will encourage public-private partnerships that will unlock upwards of $50 billion dollars of private capital for the public good,” said Rep. Pascrell.

**Water Legislation with WIFIA Moves to House-Senate Conference**

Meanwhile, members of the House and Senate designated as conferees to resolve differences in water resources legislation have begun deliberations to produce a single bill. Those deliberations will include consideration of a provision creating a Water Infrastructure Finance and Innovation Authority (WIFIA).

The Senate passed its Water Resources Development Act (WRDA) bill last May with strong bipartisan support. S. 601 authorizes and reauthorizes a wide range of projects through the US Army Corps of Engineers and includes a WIFIA provision as Title XI. The House passed its Water Resources and Reform Development Act in late October by 417-3. However, it did not contain a WIFIA title.

A consortium of the ten major water associations/organizations have continued to urge Congressional leaders to support WIFIA as House and Senate conferees began work on a final WRDA.

**$600 Million Available for New Round of TIGER Grants**

The US Department of Transportation (USDOT) announced that $600 million will be made available to fund transportation projects across the country under a sixth round of the Transportation Investment Generating Economic Recovery (TIGER) competitive grant program. TIGER applications are due April 28. Click [here](#) to learn more about TIGER 2014 and to view USDOT’s Notice of Funding Availability.

The TIGER 2014 grant program will place an emphasis on projects that support reliable, safe and affordable transportation options that improve connections for both urban and rural communities, making it easier for their residents to reach work, school and other ladders of opportunity. While continuing to support projects of all types, USDOT will prioritize applications for capital projects that better connect people to jobs, training and other opportunities as well as promote neighborhood redevelopment and reconnect neighborhoods divided by physical barriers, such as highways and railroads.
The highly competitive TIGER program, which began as part of the American Recovery and Reinvestment Act, offers one of the only federal funding possibilities for large, multi-modal projects. These federal funds leverage money from private sector partners, states, local governments, metropolitan planning organizations and transit agencies. The $474 million 2013 TIGER round alone supported $1.8 billion in overall project investments.

In addition to supporting capital grants, Congress has provided USDOT with the flexibility to use up to $35 million of TIGER funds for planning grants, the first time since the 2010 round. In addition to supporting the planning of innovative transportation, these funds can support regional transportation planning, freight and port planning and programmatic mitigation approaches that increase efficiency and improve outcomes for communities and the environment.

**President's Budget Boosts Highways and Transit, Cuts Elsewhere**

President Obama’s 2015 budget, unveiled this week, includes new funding to support the reauthorization of MAP-21 (*the current transportation legislation expires on September 30*), but imposes cuts to other critical programs.

In Fiscal Year 2015, the highway program would receive $48.6 billion, up from $40.3 billion in 2014. Transit would receive $17.5 billion, an increase of $6.5 billion above FY13, including $13.9 billion in formula funds and $2.5 billion for capital investment and capacity expansion grants.

Rail programs would see a 300 percent increase in 2015, with a total funding level of $4.78 billion, including $2.45 billion for existing service and $2.33 billion for rail service improvements. The budget includes $1.25 billion for TIGER discretionary multi-modal grants.

For aviation, the Airport Improvement Program would be reduced from $3.35 billion to $2.9 billion, while the cap on Passenger Facility Charges would be raised from $4.50 per segment to $8.00 to allow airports to collect additional fees to fund projects.

The budget proposes incorporating rail and other surface transportation programs with highways and transit into an expanded Transportation Trust Fund, but this concept has not gained traction on Capitol Hill. Under the blueprint, $150 billion in receipts from corporate tax reform would supplement existing revenues to fund a four-year $302 billion transportation package.

The budget includes numerous revenue provisions that would have a mixed impact on engineering firms. The President continues to focus on incentives for moving jobs from other countries to the U.S., proposing to tighten the rules for multinational firms with
facilities overseas, including limits on certain deductions and tax credits. S corporation shareholders of engineering firms who are employed by the firm would pay significantly higher payroll taxes under a new provision; ACEC has successfully opposed similar efforts to increase taxes on S corporations in the past.

The President also proposes limiting the deduction of tax-exempt interest on municipal bonds for upper-income people, which could impact the ability of local governments to finance infrastructure projects.

Funding for the Clean Water Act State Revolving Fund (SRF) program and the Drinking Water SRF program would fall to $1.8 billion, $581 million below the 2014 enacted level. ACEC is currently working with Rep. Tim Bishop (D-NY) on new legislation that would boost funding for waste water projects to $13.8 billion over five years.

At the same time, the budget would lift the cap on private activity bonds for exempt facilities for the “furnishing of water” or “sewage facilities”. These bonds are intended to complement Environmental Protection Agency and local efforts to finance water quality improvement projects in the United States.

The budget includes $5.6 billion for the Department of Energy’s Environmental Management program, which funds nuclear waste cleanup projects around the country. The request is $200 million less than the FY14 enacted level.

Funding for the Corps of Engineers Civil Works program would be cut by $934 million under the President’s budget. The Budget request also seeks authorization for a new round of the Base Realignment and Closure (BRAC) process in 2017.

Funding for the State Department and USAID is equal to 2014 levels, with an emphasis on Africa and Asia-Pacific and secure overseas facilities and embassies.

For more information on the proposed 2015 budget, click here.

**President Proposes $302 Billion Transportation Reauthorization**

The Obama Administration has proposed a four-year, $302 billion surface transportation reauthorization paid for partially by a $150 billion one-time payment of revenue from yet to be enacted corporate tax reform.

The proposal, outlined as part of the Administration’s fiscal year 2015 budget request, would create a Transportation Trust Fund for highway, transit and rail programs. It would increase funding for roads and bridges by 22 percent annually for a total of $199 billion and would increase funding for transit by 70 percent annually for a total of $72 billion. The plan is the Administration’s vision for replacing MAP-21, which expires at the
end of September.

The proposal emphasizes “fix-it-first” investments, policies and reforms that prioritize investment in needed repairs. In addition, it includes $19 billion in dedicated funding for rail programs, $5 billion for the TIGER competitive grant program, funded from the Trust Fund instead of general funds, and $10 billion for a new multimodal freight program for rail, highway and port programs.

The proposal also encourages coordination and local decision making and advances reforms to the project delivery system through a range of measures, including a new Center in the Department of Transportation to help expedite the permit approval process. It includes $4 billion to attract private investment in transportation infrastructure.

The Administration’s proposal to utilize revenue from corporate tax reform to fund transportation coincides with House Ways and Means Committee Chairman Dave Camp’s (R-MI) recently-released tax overhaul plan to include $126.5 billion to shore up the Highway Trust Fund with revenue tied to corporate tax changes. However, neither the Obama or Camp plans provide a sustained revenue source for the Trust Fund.

Congress has already begun to turn its attention to reauthorization. Leaders of the House and Senate authorizing Committees say they intend to introduce bills this spring, with Committee action on a Senate bill possible as early as April. The goal is to have bills approved by the full House and Senate by the August recess. A broad tax overhaul package is not expected to be enacted this year.

Survey Shows Manufacturers Upbeat about the Future

Manufacturers are showing the highest level of business optimism since late 2012, according to the latest National Association of Manufacturers (NAM)/IndustryWeek Survey of Manufacturers. The survey found that 86.1 percent of respondents were either somewhat or very positive about their company’s outlook, the highest sign of manufacturer confidence since the fiscal cliff debate of 2012.

“Manufacturers in America are making more products today and making them better than ever before, which is why they believe in a bright future of growth and job creation,” said NAM Chief Economist Chad Moutray. “However, Washington’s burdensome regulatory, tax and health care policies still loom large in manufacturers’ business decisions, particularly for the smallest companies. Manufacturers are prepared to make the investments that will jump-start our economy, but we need Washington to work with us, not against us.”

Key survey findings include the following:
• 86.1 percent of respondents were either somewhat or very positive about their company’s outlook.
• Manufacturers plan to increase their spending by 1.9 percent over the next 12 months, up from 1.4 percent in December.
• 79.0 percent cited the unfavorable business climate due to taxes, regulations and government uncertainties as their top business challenge.
• 77.1 percent named rising health care and insurance costs as a primary business challenge, with uncertainties surrounding the Affordable Care Act.

The NAM/IndustryWeek Survey of Manufacturers was conducted among the NAM’s membership of small, medium and large manufacturers. Click here for the full survey results.

2014 Public Works Salary & Benefits Survey

For the first time in four years, a clear majority of public works professionals are reporting pay raises; and the percentage reporting pay cuts is back in the single digits. However, with ever-rising employee contributions for health care and retirement funds, many say there are no extra dollars in their pockets. The public sector is just beginning to recover from the Great Recession, but the next big hurt is already on its heels: the exit of the workforce’s largest living generation—the Baby Boomers.

About a year after the Great Recession ended, Public Works began asking salary survey respondents if their pay had increased, decreased, or stayed the same. A little more than one-half reported salary freezes. Since then, however, we’ve seen steady increases (and decreases) in all the right places. Since 2011, nearly one-third more survey-takers say they’ve received a raise, the number reporting pay cuts dropped by more than half, and the percentage reporting salary freezes decreased by 20%.

What employees anticipate getting in their paychecks is often a good indicator of an industry’s economic health. Before the economy plummeted in 2008, 85% of survey-takers expected to receive some sort of pay increase. In 2010, when the public sector was hit hardest by the recession, those expecting raises dropped drastically—to 30%—and 14% expected pay cuts. This year, 58% remain positive that they will get a raise.
Public jobs have a reputation: low pay, outstanding benefits. But since 2007, participants in the annual salary survey have increasingly complained about the rising costs of their benefits. Although few have reported outright cuts over the years, many say benefits have been diminished or reduced. This year’s crop of respondents is no different.

In 2008, it was reported that a large contingent of public works professionals was reaching retirement age, and they would take their institutional knowledge and expertise with them. At that time, only 6% of salary survey respondents were under 35. The anticipated flood of retirements was put on hold by a deep recession that left older workers financially insecure. State and local governments facing financial crises also helped slow retirement by redefining government-sponsored pension plans and increasing the age at which some employee groups would be eligible to retire. According to the bipartisan organization National Conference of State Legislatures, five states passed such legislation in 2009 and 11 states followed suit in 2010, as did 17 in 2011. But the nation is now recovering. The Baby Boomers are a little older and once again preparing their exits. Those not yet eligible for retirement benefits are biding their time in service.

[Table of Salaries by Title and Department]

See the full report here.
Latest Economic Indicators at a Glance

Annual Employment Report

Total nonfarm payroll employment increased by 175,000 in February, and the unemployment rate was little changed at 6.7 percent. Employment increased in professional and business services and in wholesale trade but declined in information.

Construction Employment

The U.S. nonresidential construction industry gained just 400 jobs in February, according to the March 7 employment report by the U.S. Department of Labor’s Bureau of Labor Statistics (BLS). The construction industry as a whole added only 15,000 jobs for the month, with the vast majority of new jobs coming from residential construction. The construction unemployment rate expanded to 12.8 percent in February from 12.3 percent in January (non-seasonally adjusted).

The underwhelming jobs number is particularly disappointing given the encouraging 26,600 jobs (revised) the segment added in January. The number would have been more dismal if not for the heavy and civil engineering segment, which added 12,300 jobs in February.

“Compared to January’s surprising gain of 26,600 jobs, the 400 jobs added in February is more in line with what would be expected given economic and atmospheric forces,” said Associated Builders and Contractors Chief Economist Anirban Basu. “It remains likely that nonresidential construction employment gains will snap back with the weather during the second quarter of 2014.”

Consumer Confidence

Consumer Confidence Index®, which had increased in January, fell moderately in February. “Consumer confidence declined moderately in February, on concern over the short-term outlook for business conditions, jobs, and earnings,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “While expectations have fluctuated over recent months, current conditions have continued to trend upward and the Present Situation Index is now at its highest level in almost six years (April 2008, 81.9). This suggests that consumers believe the economy has improved, but they do not foresee it gaining considerable momentum in the months ahead.”

Gross Domestic Product (GDP)

Real gross domestic product (GDP) increased at an annual rate of 2.4 percent in the fourth quarter of 2013. For 2013 overall, GDP increased 1.9 percent.
Consumer Price Index

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in February on a seasonally adjusted basis. Over the last 12 months, the all items index increased 1.1 percent before seasonal adjustment.

An increase in the food index accounted for more than half of the all items increase in February. The food index rose 0.4 percent in February, driven by a 0.5 percent increase in the index for food at home, with four of the six major grocery store food group indexes increasing. The energy index declined, with a decrease in the gasoline index more than offsetting sharp increases in the fuel oil and natural gas indexes.

The index for all items less food and energy also rose 0.1 percent in February. An increase of 0.2 percent in the shelter index was the major contributor to the rise, but the indexes for medical care, airline fares, personal care, recreation, and new vehicles also increased. In contrast, the indexes for household furnishings and operations, apparel, used cars and trucks, and tobacco all declined in February.

Producer Price Index

The Producer Price Index for final demand fell 0.1 percent in February, seasonally adjusted. This decline followed advances of 0.2 percent in January and 0.1 percent in December. On an unadjusted basis, the index for final demand moved up 0.9 percent for the 12 months ended in February, the smallest 12-month rise since a 0.9-percent increase in May 2013.

Productivity and Costs

Nonfarm business sector labor productivity increased at a 1.8 percent annual rate during the fourth quarter of 2013. The increase in productivity reflects increases of 3.4 percent in output and 1.6 percent in hours worked. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the fourth quarter of 2012 to the fourth quarter of 2013, productivity increased 1.3 percent as output and hours worked rose 2.9 percent and 1.7 percent, respectively. Annual average productivity increased 0.5 percent from 2012 to 2013.
**Factory Orders**

New orders for manufactured durable goods in February increased $5.0 billion or 2.2 percent to $229.4 billion, the U.S. Census Bureau announced today. This increase, up following two consecutive monthly decreases, followed a 1.3 percent January decrease. Excluding transportation, new orders increased 0.2 percent. Excluding defense, new orders increased 1.8 percent.

Transportation equipment, also up following two consecutive monthly decreases, led the increase, $4.6 billion or 6.9 percent to $71.4 billion. This was led by nondefense aircraft and parts, which increased $1.8 billion.

**Employment Cost Index**

Compensation costs for civilian workers increased 0.5 percent, seasonally adjusted, for the 3-month period ending December 2013. Wages and salaries (which make up about 70 percent of compensation costs) increased 0.6 percent, and benefits (which make up the remaining 30 percent of compensation) increased 0.6 percent.

**Civilian Workers**

Compensation costs for civilian workers increased 2.0 percent for the 12-month period ending December 2013, essentially unchanged from the December 2012 increase of 1.9 percent. Wages and salaries increased 1.9 percent for the current 12-month period. In December 2012 the increase was 1.7 percent. Benefit costs increased 2.2 percent for the 12-month period ending December 2013. In December 2012 the increase was 2.4 percent.

**Private Industry Workers**

Compensation costs for private industry workers increased 2.0 percent over the year. In December 2012 the increase was 1.8 percent. Wages and salaries increased 2.1 percent for the current 12-month period. In December 2012 the increase was 1.7 percent. The increase in the cost of benefits was 1.9 percent for the 12-month period ending December 2013, essentially unchanged from the December 2012 increase of 2.0 percent. Employer costs for health benefits increased 3.0 percent over the year. In December 2012 the increase was 2.1 percent.

Among occupational groups, compensation cost increases for private industry workers for the 12-month period ending December 2013 ranged from 1.4 percent for service occupations to 2.3 percent for sales and office occupations.
Among industry supersectors, compensation cost increases for private industry workers for the current 12-month period ranged from 0.8 percent for information to 2.9 percent for other services, except public administration.

State and Local Government Workers

Compensation costs for state and local government workers increased 1.9 percent for the 12-month period ending December 2013, unchanged from December 2012. Wages and salaries increased 1.1 percent for the 12-month period ending December 2013, unchanged from December 2012. Prior values for this series, which began in June 1982, ranged from 0.9 percent to 8.5 percent. Benefit costs increased 3.3 percent in December 2013. In December 2012, the increase was 3.4 percent.

Real Earnings

Real average hourly earnings for all employees rose 0.3 percent from January to February, seasonally adjusted. This increase stems from a 0.4 percent increase in average hourly earnings being partially offset by a 0.1 percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).

Real average weekly earnings were unchanged over the month due to the 0.3 percent increase in real average hourly earnings being offset by a 0.3 percent decrease in the average workweek.

Real average hourly earnings rose 1.1 percent, seasonally adjusted, from February 2013 to February 2014. The increase in real average hourly earnings, combined with a 0.9 percent decline in the average workweek, resulted in a 0.2 percent increase in real average weekly earnings over this period.

Construction Spending

Construction spending during January 2014 was estimated at a seasonally adjusted annual rate of $943.1 billion, 0.1 percent above the revised December estimate of $941.9 billion. The January figure is 9.3 percent above the January 2013 estimate of $863.1 billion.

Spending on private construction was at a seasonally adjusted annual rate of $670.8 billion, 0.5 percent above the revised December estimate of $667.5 billion. Residential construction was at a seasonally adjusted annual rate of $359.9 billion in January, 1.1 percent above the revised December estimate of $356.0 billion. Nonresidential construction was at a seasonally adjusted annual rate of $310.9 billion in January, 0.2 percent below the revised December estimate of $311.5 billion.
In January, the estimated seasonally adjusted annual rate of public construction spending was $272.3 billion, 0.8 percent below the revised December estimate of $274.4 billion. Educational construction was at a seasonally adjusted annual rate of $61.6 billion, 1.8 percent below the revised December estimate of $62.7 billion. Highway construction was at a seasonally adjusted annual rate of $88.3 billion, 3.7 percent above the revised December estimate of $85.1 billion.

**Nonresidential Construction Spending**

The U.S. nonresidential construction industry gained just 400 jobs in February. The construction industry as a whole added only 15,000 jobs for the month, with the vast majority of new jobs coming from residential construction. The construction unemployment rate expanded to 12.8 percent in February from 12.3 percent in January (non-seasonally adjusted).

The underwhelming jobs number is particularly disappointing given the encouraging 26,600 jobs (revised) the segment added in January. The number would have been more dismal if not for the heavy and civil engineering segment, which added 12,300 jobs in February.

“Compared to January’s surprising gain of 26,600 jobs, the 400 jobs added in February is more in line with what would be expected given economic and atmospheric forces,” said Associated Builders and Contractors Chief Economist Anirban Basu. “It remains likely that nonresidential construction employment gains will snap back with the weather during the second quarter of 2014.”

**Construction Materials Prices**

Construction materials prices expanded 0.7 percent in February and are up 0.6 percent over the past year. More specifically, nonresidential construction materials prices are up 0.7 percent for the month and are 0.4 percent higher than the same time one year ago.

“February marks the second consecutive month in which construction materials prices expanded briskly,” said Basu. “Construction materials prices experienced a remarkable lack of volatility during the last three quarters of 2013; however, that trend appears to be firmly behind us.”

Overall, the nation’s wholesale goods prices expanded 0.4 percent in February and are up 1.3 percent from February 2013. Crude energy materials prices and natural gas prices led the way, expanding 14.7 percent and 31.5 percent respectively in February. February marked the crude energy segment’s largest monthly growth since January 2004.
“The harsh winter is to blame for the spike in energy segment prices,” said Basu. “In fact, crude petroleum and natural gas both experienced historic price growth in February. We are certain that February’s data reflects the colder-than-normal winter; however, it is difficult to say if increased demand had any part in the month’s price growth. With the frigid weather continuing through early March, it may be awhile before we know this winter’s true impact.

“Another factor has been a tidal wave of economic news from China, much of which suggests that China’s economy is slowing faster than expected,” said Basu. “That could cause prices to dip during future months. In any case, greater price volatility should be anticipated.”

The prices of the following materials increased in February.

- Natural gas prices expanded 31.5 percent in February and are 74 percent higher than one year ago.
- Crude energy prices grew 14.7 percent in February and are 18.1 percent higher than one year ago.
- Concrete products prices grew 0.9 percent in February and are 3.7 percent higher than one year ago.
- Steel mill products prices expanded 0.7 percent for the month and are 1.9 percent higher than one year ago.
- Prices for prepared asphalt, tar roofing, and siding expanded by 1.4 percent for the month but are down 0.4 percent from one year ago.
- Crude petroleum prices grew 10.6 percent in February and are 3.4 percent higher than one year ago.
- Prices for plumbing fixtures expanded 1.5 percent for the month and are 3.1 percent higher than one year ago.
- Fabricated structural metal product prices are up 0.1 percent and are 0.4 percent higher than one year ago.
- Softwood lumber prices gained 0.5 percent and are 1.2 percent higher than one year ago.

Only two key construction inputs did not experience price increases for the month.

- Nonferrous wire and cable prices shed 0.4 percent on a monthly basis and are down 4.3 percent from one year ago.
- Iron and steel prices fell 0.4 percent in February but are up 4.3 percent from one year ago.

Retail Sales

U.S. retail and food services sales for February, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $427.2 billion, an
increase of 0.3 percent from the previous month, and 1.5 percent above February 2013. Total sales for the December 2013 through February 2014 period were up 2.3 percent from the same period a year ago. The December 2013 to January 2014 percent change was revised from -0.4 percent to -0.6 percent.

Retail trade sales were up 0.3 percent from January 2014, and 1.3 percent above last year. Nonstore retailers were up 6.3 percent from February 2013 and health and personal care stores were up 5.5 percent from last year.

New Residential Sales

Sales of new single-family houses in January 2014 were at a seasonally adjusted annual rate of 468,000. This is 9.6 percent above the revised December rate of 427,000 and is 2.2 percent above the January 2013 estimate of 458,000.

The median sales price of new houses sold in January 2014 was $260,100; the average sales price was $322,800. The seasonally adjusted estimate of new houses for sale at the end of January was 184,000. This represents a supply of 4.7 months at the current sales rate.

New Residential Construction

Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,018,000. This is 7.7 percent above the revised January rate of 945,000 and is 6.9 percent above the February 2013 estimate of 952,000.

Single-family authorizations in February were at a rate of 588,000; this is 1.8 percent below the revised January figure of 599,000. Authorizations of units in buildings with five units or more were at a rate of 407,000 in February.

Privately-owned housing starts in February were at a seasonally adjusted annual rate of 907,000. This is 0.2 percent below the revised January estimate of 909,000 and is 6.4 percent below the February 2013 rate of 969,000.

Single-family housing starts in February were at a rate of 583,000; this is 0.3 percent above the revised January figure of 581,000. The February rate for units in buildings with five units or more was 312,000.

Privately-owned housing completions in February were at a seasonally adjusted annual rate of 886,000. This is 4.4 percent above the revised January estimate of 849,000 and is 21.9 percent above the February 2013 rate of 727,000.
Single-family housing completions in February were at a rate of 631,000; this is 4.0 percent above the revised January rate of 607,000. The February rate for units in buildings with five units or more was 246,000

U.S. Trade Balance

(U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES)

Total January exports of $192.5 billion and imports of $231.6 billion resulted in a goods and services deficit of $39.1 billion, up from $39.0 billion in December, revised. January exports were $1.2 billion more than December exports of $191.3 billion. January imports were $1.3 billion more than December imports of $230.3 billion.

In January, the goods deficit increased $0.7 billion from December to $59.3 billion, and the services surplus increased $0.5 billion from December to $20.2 billion. Exports of goods increased $1.0 billion to $133.8 billion, and imports of goods increased $1.7 billion to $193.1 billion. Exports of services increased $0.2 billion to $58.7 billion, and imports of services decreased $0.4 billion to $38.5 billion.

The goods and services deficit decreased $3.0 billion from January 2013 to January 2014. Exports were up $5.7 billion, or 3.0 percent, and imports were up $2.6 billion, or 1.2 percent.