Executive Summary

The Veterinary Diagnostic Laboratory is a fully accredited, diagnostic, teaching and research laboratory located on the campus of Iowa State University’s College of Veterinary Medicine. The laboratory offers comprehensive advanced diagnostics with fast and reliable results and prompt expert interpretation and consultation.

The laboratory serves as a primary hub of activity, yet its economic benefits extend well beyond campus borders. Iowa citizens, veterinarians, and agricultural industries benefit from the services provided by the Iowa State University Veterinary Diagnostic Laboratory (ISUVDL).

The overriding objective of this study was to describe the economic contribution of the ISUVDL. Particular objectives included:

1. Estimate the total economic contribution of the ISUVDL.
2. Estimate the total economic contribution of construction activity associated with a new ISUVDL.
3. Estimate the total economic contribution of animal agriculture production in Iowa.
4. Estimate the total economic contribution of the animal processing sector in Iowa.
5. Describe the contribution of the ISUVDL in relation to business continuity in animal agriculture, competitiveness, surge capacity, and the importance to human, companion animals, wildlife, research, and teaching.

Objectives 1 through 4 considered the contribution of various workings to the Iowa economy. Impacts were calculated using the IMPLAN Input-Output (I-O) modeling system. Objective 5 describes the contribution of the ISUVDL across several key aspects. Many of these benefits cannot be precisely quantified and others will exist only in times of emergency. Therefore, a panel of experts was used to evaluate the contribution of the ISUVDL. These experts are all independent of the ISUVDL but familiar with its services.

Key Findings

- The ISUVDL had $22.5 million in expenditures in 2015, and 140 jobholders earning $11.0 million in labor income. After considering all multiplied through relationships with suppliers to the ISUVDL and workers converting their incomes into household spending, the ISUVDL annually supports $39.0 million in regional output and $23.34 in value added, of which $19.57 million is labor income to 265 jobholders.

- Construction-related spending of $124 million between 2016 and 2020 for a new ISUVDL would stimulate $41.16 million in total annual output in the region and $20.10 million in value added, of which $14.95 million would be labor income to 227 total jobholders.

- Iowa livestock production provides $14.62 billion in direct economic output and livestock processing provides $17.96 billion in direct economic output. The combined direct economic output of livestock production and processing, $32.58 billion, equates to $10,487 for each of Iowa’s 3.107 million people. For the livestock production and processing industries, direct economic output is analogous to annual sales. The $124 million cost of a new ISUVDL equals about 0.38% of the annual direct economic value of the livestock sector. Therefore, a contribution to the size of the Iowa livestock sector by the ISUVDL of 0.38% would, from a statewide perspective, pay for a new lab within just one year.

- Workers linked to animal producing sectors generated $339 million in state tax receipts for Iowa in 2015. Those in animal products processing industry accounted for $140 million in state taxes. The total tax contribution from both groups is $479 million.

- A panel of stakeholders was asked about the contribution of ISUVDL to the livestock sector in Iowa. They were asked to provide this value as a percent of the total added value of the livestock sector under both normal conditions (peacetime) and under an animal health emergency. This value was then compared to the income and sales taxes paid by participants in the livestock sector to the state of Iowa. The results suggest that the lab generates enough tax receipts to repay a $124 million state investment in two years under normal circumstances and in less than one year in an animal health emergency.