



GENERAL ECONOMIC CONDITIONS



The performance of the U.S. economy, specifically the U.S. economy's ability to create disposable income for residents of the U.S., has a major impact on the performance of the veterinary profession. As of the third quarter of 2015, the Gross Domestic Product (GDP) for the U.S. economy stood at \$18.065 trillion.

Animal owners are the driving force for demand in the veterinary services markets. And like all consumers, their willingness to pay for goods and services is influenced by their level of income. Assuming that animal owners' demographic characteristics cannot be distinguished from those of non-animal owners, national information on disposable income and personal consumption expenditures provides us with an accurate picture of their economic condition. Thus, changes to the general U.S. economy over a long period of time serve as an important indicator of changes to the demand for veterinary services.

The performance of the U.S. economy, specifically the U.S. economy's ability to create disposable income for residents of the U.S., has a major impact on the performance of the veterinary profession. As of the third quarter of 2015, the Gross Domestic Product (GDP) for the U.S. economy stood at \$18.065 trillion. Expenditures on goods and services accounted for \$12.359 trillion, with services alone accounting for \$8.336 trillion. Government spending and investments account for equal shares of the remaining roughly \$6 trillion.

The national Input-Output (I-O) accounts divide the economy into 20 major sectors under the North American Industry Classification System (NAICS). The veterinary services sector, identified as NAICS 541940, is an industry classified within the major sector NAICS 54 – Professional, scientific and technical services. NAICS 54 comprises roughly 12.8 percent of the total output from all service sectors within the U.S. economy. Veterinary services accounts for 1.6 percent of this NAICS 54 – professional, scientific, and technical services sector.

PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES, NAICS 54 (MILLIONS OF U.S. DOLLARS)

NAICS	Industry	Total Industry Output	Percent
541100	Legal services	\$288,511	18.70%
541511	Custom computer programming services	\$93,333	6.00%
541512	Computer systems design services	\$102,061	6.60%
54151A	Other computer related services, including facilities management	\$54,119	3.50%
541200	Accounting, tax preparation, bookkeeping, and payroll services	\$132,385	8.60%
541300	Architectural, engineering, and related services	\$273,730	17.70%
541400	Specialized design services	\$29,830	1.90%
541610	Management consulting services	\$145,562	9.40%
5416A0	Environmental and other technical consulting services	\$31,914	2.10%
541700	Scientific research and development services	\$162,270	10.50%
541800	Advertising, public relations, and related services	\$129,124	8.40%
5419A0	Marketing research and all other miscellaneous professional, scientific, and technical services	\$63,918	4.10%
541920	Photographic services	\$11,860	0.80%
541940	Veterinary services	\$24,527	1.60%
540000	Total Professional, Scientific and Technical Services	\$1,543,144	100%

Table 1

The statistics presented in the I-O accounts were prepared by the Industry Economic Accounts (IEAs) Directorate, Bureau of Economic Analysis (BEA), U.S. Department of Commerce. The statistics in these I-O accounts provide detailed information on the flows of the goods and services that comprise the production process of industries. These I-O accounts are presented as “Use” and “Make” tables and are described as follows:

- The Use table illustrates how each industry purchases inputs from other industries in the production of output,
- The Make table shows the total value of commodities/services that are produced by each industry.

The I-O accounts are prepared by merging information from a wide variety of sources. The primary I-O data source, the Economic Census, is conducted every 5 years by the U.S. Bureau of the Census. A detailed description of the data and methods to produce the I-O accounts is provided in the Concepts and Methods of the U.S. Input-Output Accounts available at http://www.bea.gov/papers/pdf/IOmanual_092906.pdf.

According to the I-O manual, “The Economic Census collects most of the essential data required for the tables—such as receipts, inventories, and payrolls—and the data are collected at the level of the smallest operating unit, the “establishment.” In addition, the Census Bureau’s collection procedures are designed to ensure that no individual establishment is counted more than once. Thus, by relying on the Economic Census data wherever possible, BEA is able to limit duplications that could occur when

the Economic Census is used in conjunction with other sources. Despite its comprehensiveness, the Economic Census is not a complete canvas or count of all of the economic units in the economy. The activities of the small businesses covered in the Census are measured by sampling or by administrative records rather than by direct reports from each individual business.

In addition, some economic units and some industries are not included in the Economic Census. Data from other sources are needed to fill these gaps. Further, additional data are needed to carry out the various adjustments that are made in transitioning from the Census data to the I-O estimates. Much of the additional data required to prepare the I-O tables comes from other Census Bureau programs—including annual surveys that cover selected industries, such as manufacturing and services. The I-O tables also incorporate data collected and tabulated by other Federal agencies—including the U.S. Departments of Agriculture, Education, and Energy—and data from a number of private organizations.”

The Make table provides the value of total output for each sector and industry. The Make table for the 20 major sectors of the economy is provided below. The total gross output is much larger than the Gross Domestic Product (GDP) because GDP is the value of only the final goods and services produced while the Make I-O table provides the total gross value of output from each sector and thus includes the value of goods and services from other sectors used in the process of producing their own output.