

With 500 Hewlett-Packard jobs moving to Texas, the Sacramento region will be impacted by losses of over 1,600 jobs and \$300 million in output

Over the past few years, Hewlett-Packard Company (HP) has been shifting its focus from high-tech manufacturing to information technology, which concentrates on providing services. Reflecting this change, throughout the spring and summer months, HP will be closing its Roseville facility's server manufacturing operations shifting many jobs to a similar unit in Houston, Texas. These actions will affect 500 employees in the Roseville facility. The restructuring of HP's Roseville facility from manufacturing toward information services will move the Sacramento region toward a more desirable long-term expansion path, but this is not without its short-term costs. The region will be watching for the subsequent expansion of new information technology activities.

While the Sacramento region (El Dorado, Placer, Sacramento, and Yolo Counties) will directly lose 500 jobs, the overall impacts of HP's actions will cost the region over 1,600 jobs and \$300 million in total output.

Employment and output are not only lost in HP directly, but also in linked industries that supply goods and services to HP, and industries that support consumer purchases of HP employees as well as its linked industries' employees.

Overall, for every job lost at HP, the Sacramento region loses another 2.3 jobs in linked and consumer purchase industries. This number is higher in this case than other industries because many of the employees are relatively high paid and induce larger amounts of retail and consumer services. The following table shows that, in terms of employment, next to HP's industry, Wholesale Trade will lose over 150 employees followed by Eating & Drinking with 76 losses. While the table only shows the top 20 industries affected, there are many more totaling over 1,600 jobs.

**EMPLOYMENT LOSSES RESULTING
FROM A 500 JOB REDUCTION AT HP**

<i>Industry</i>	<i>Employment Losses</i>
Total Impacts	1,634.7
Computer Peripheral Equipment (includes HP)	517.3
Wholesale Trade	159.1
Eating & Drinking	76.0
Semiconductors and Related Devices	57.3
Personnel Supply Services	51.8
Miscellaneous Retail	42.2
Computer and Data Processing Services	33.6
Doctors and Dentists	32.7
Maintenance and Repair Other Facilities	26.1
Electronic Computers	24.6
General Merchandise Stores	23.3
Hospitals	22.1
Real Estate	21.3
Legal Services	21.1
Banking	20.4
Food Stores	20.3
Hotels and Lodging Places	19.2
Automotive Dealers & Service Stations	18.4
Electronic Components	18.3
Other Business Services	18.1
Amusement and Recreation Services	17.6

Sacramento Regional Research Institute, February 2003
 Data Source: IMPLAN, 1999 Coefficients
 Note: Table only includes top 20 industries, plus HP's industry

When considering total output, for every dollar of output lost at HP, the Sacramento region sees a decline of \$0.8 in output in linked and consumer purchase sectors. Overall, the Sacramento region will lose over \$300 million in total output as a result of the 500-job decline at HP. That loss equates to over \$130 million in total value added—the amount of output over and above the cost of the inputs. The table below shows the top 20 industries ranked by total output losses. The Semiconductors and Related Devices sector tops the list with over \$24 million in output losses mainly due to its linked activities to the Computer Peripheral Equipment sector. Additionally, Wholesale Trade will see reductions of about \$17 million in total output due to the decline of 500 jobs at HP.

**TOTAL OUTPUT LOSSES RESULTING
FROM A 500 JOB REDUCTION AT HP**

<i>Industry</i>	<i>Output Losses</i>
Total Impacts	\$302,834,068
Computer Peripheral Equipment (includes HP)	\$178,682,864
Semiconductors and Related Devices	\$24,036,252
Wholesale Trade	\$17,201,476
Electronic Computers	\$7,134,886
Electronic Components	\$4,921,141
Owner-occupied Dwellings	\$4,892,183
Real Estate	\$4,156,627
Banking	\$3,847,284
Computer and Data Processing Services	\$3,650,573
Doctors and Dentists	\$3,096,900
Eating & Drinking	\$2,825,003
Communications--Except Radio and TV	\$2,327,038
Legal Services	\$2,067,473
Maintenance and Repair Other Facilities	\$1,973,245
Hospitals	\$1,894,280
Insurance Carriers	\$1,724,614
Miscellaneous Retail	\$1,698,748
Other Business Services	\$1,591,298
Automotive Dealers & Service Stations	\$1,558,539
State and Local Electric Utilities	\$1,501,856
Other State and Local Gov't Enterprises	\$1,293,181

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 Data Source: IMPLAN, 1999 Coefficients
 Note: Table only includes top 20 industries, plus HP's industry