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Thank you, Chairman Williams, Ranking Member Velazquez, and members of the House Small Business Committee. My name is Anne D. Shybunko-Moore, and I am the CEO and owner of GSE Dynamics. GSE Dynamics is a defense manufacturer located on Long Island, New York, specializing in providing complex structural assemblies direct to the United States Air Force, Navy, and Army. Our over 90 employees provide components for complex military technologies, including military helicopters, the A-10 Warthog Thunderbolt, B-1 and B-52 Bombers, C-5 and C-130 military transport planes, M1 Abrams tanks, and a variety of military submarines, amongst many others.

GSE is a family business that was founded by my father, Daniel Shybunko, in 1971 — the same year I was born. Owning and operating a small business has been part of my family for my entire life. At the time when my father founded the company, he was still employed as a structural engineer at Grumman Aerospace, now known as Northrup Grumman. His decision to found GSE Dynamics was encouraged by Grumman, who recognized my father's capability for engineering and design and suggested that he open a part-time company for its aerospace division. That's exactly what my father did, and for 8 years after the founding of GSE Dynamics, my father remained employed with Grumman and ran the company part-time. In 1978, after 25 years of service at Grumman, my father left to focus on GSE Dynamics.

He continued to grow the company and eventually GSE moved to our new home in Hauppauge, NY, located on Long Island. Though I had been going to the factory floor with my dad since I was five, I didn't join the company until 2001 when my father invited me to leave the medical industry and join him as Vice President at GSE Dynamics. In 2003, GSE became a Woman-Owned Small Business and I continued to work beside my dad until his passing in 2019. We were strategic in how we built the company, expanding capability and broadening our core competencies.

GSE is now a national leader in manufacturing, assembly, testing, and inspection of complex mechanical structural assemblies across a broad range of military applications. In addition to aerospace manufacturing, GSE is proud to be a part of the legacy of submarine manufacturing started in 1899 by John Phillip Holland. In 2005, GSE acquired the periscope mast fairings unit of General Dynamics Electric Boat and is a critical supplier to the U.S. Navy's nuclear submarine fleet.

GSE has also taken on a leadership role on Long Island in working with our industry colleagues, educational partners and other regional stakeholders in building an overall strategic plan for regional manufacturing.

At GSE Dynamics, we are incredibly proud of the work we do to support our military, and to be a part of the rich history of manufacturing in America — a history that is built on resilience, innovation and collaboration in our home of Long Island.

Long Island: The Cradle of Aviation

Long Island has been a central piece of the aviation industry since the invention of the airplane in 1903. Our location offers us adjacency to New York City, while our geography gives us the ideal, flat conditions for takeoff and landing. Thanks to these natural advantages, Long Island has long been the gateway to the Atlantic. Long Island's role in the budding aerospace industry was brought to national attention when Charles Lindbergh made his historical flight from Roosevelt Field to Paris in 1927, at which point the area had already consolidated a number of the nation's businesses, pioneers, and infrastructure that helped build the capacity for human flight.

Long Island's early role in the emergence of the aerospace industry made it central to American manufacturing during World War I and World War II. Long Island manufacturers trained airmen and built aircraft for the U.S. military during World War I, and our role in the war expanded our manufacturing capacity, supporting Long Island's participation in the Golden Age of Aviation that followed World War I. The Golden Age saw innovations that improved the safety, efficiency, and speed of planes that solidified our military superiority and introduced commercial air travel as a new mainstream transportation mode. During this period, Long Island's role as a hub of aerospace innovation and manufacturing continued to grow. This growth accelerated tremendously as American manufacturers turned their attention to building the Arsenal of Democracy during World War II. Long Island's airplane manufacturing expanded dramatically and, by 1945, Long Island employed over 100,000 people in the aircraft industry.

Grumman Aerospace, where both my father and grandfather spent much of their careers, was a staple of the Long Island aerospace industry and led to critically important American air superiority in all conflicts since World War II. As the United States turned its attention to the Soviet Union and the Cold War, Long Island would step up once again to help put the first man on the moon during the Space Race. Grumman was selected to design and build the Apollo Lunar Module, extending Long Island's role as the Cradle of Aviation to outer space. Across the Space Race and the broader Cold War defense buildup, Grumman grew from under 14,000 Long Island employees in 1957 to a peak above 20,000, making it the region's dominant employer for a generation.

When Neil Armstrong radioed “Houston, Tranquility Base here. The Eagle has landed”, the expertise, innovation and dedication of thousands of Grumman employees was validated as the Grumman-built Eagle safely landed two American astronauts on the surface of the moon. As Armstrong became the first person to step onto the Lunar surface hours later, he reframed the Space Race into a victory for humanity, “That’s one small step for man, one giant leap for mankind.”

These stories of GSE Dynamics, Grumman and Long Island’s role in the development of the aerospace industry are a case study in the promise of America. My father, like many of the small business owners and entrepreneurs across the country, took a risk in leaving a secure corporate job to build something of his own. He was able to earn his specialization in college, develop that specialization further in the Army Corps of Engineers, learn from some of the best engineers in the world at Grumman, and take that knowledge and build something that has not only provided for our family, but for all of the families we have employed over the last 55 years. He welcomed me into the GSE family, mentored me and allowed me to guide the future of the company. That is a legacy I cherish and am now passing down to the next generation with my son James joining the company in 2024.

Long Island’s role as one of the birthplaces of aviation was made possible by the same ingenuity, hard work, and entrepreneurial spirit my father showed – exemplified by the millions of Americans who built, tested, experimented, researched, and assembled their way, one step at a time, to achieve multiple of the most important technological achievements in human history.

And just like the history of Long Island is a collection of stories similar to my father’s, so too is America’s history a collection of communities like Long Island. Just as I’m proud of Long Island’s impact on the aerospace industry, I know many more Americans could sit here today and talk about what their communities built. The American manufacturing community is the backbone of our nation’s security and prosperity. I am energized by the recognition of that impact and the investments that both are and will need to be made to secure this critical sector for our future.

Our nation’s history is full of builders, innovators, pioneers and entrepreneurs, and that quality is reflected not just in the strength of our economy, but in the laws that govern us. That is, we are not just a country *of* entrepreneurs, but *for* entrepreneurs. Our success depends on giving those people the freedom to build, to start businesses, to invest in their communities. It depends on the confidence that the American system gives people – if you work hard and build something, you’ll be rewarded for it. America’s venture capital and financial markets are the envy of the world boasting the deepest and most liquid source of business financing anywhere. Businesses can move goods across

a nationwide logistics network, enforce contracts and patents in courts, access the world's largest capital markets, and hire from the world's leading universities.

Small businesses are at the center of this story, and the vehicle by which individuals and families can choose to build something of their own. Often operating on thin margins, small businesses are sensitive to federal policy and disproportionately impacted by new regulations or higher taxes. Small businesses are also the foundation of the manufacturing industry. Roughly 74% of manufacturers in the United States have fewer than 20 employees, and 6 million people are employed by small and medium manufacturers in the U.S. The success of manufacturing depends on federal policy that supports small businesses.

Continuing a Legacy of Manufacturing Dynamism and Innovation

There is much to celebrate in the success that the United States has had as a hub of entrepreneurship and innovation, but there is also much work to do. If we want to solidify our legacy of innovation and manufacturing, we must take action. Fortunately, Congress has already recognized the importance of public policy that strengthens manufacturing in the U.S.—and passed historic tax reform that supports and incentivizes innovation, investment, and growth in our sector.

Prior to 2017, the United States had one of the least competitive tax codes in the world. Companies were redomiciling overseas, trillions of dollars were locked offshore, and the United States had one of the highest corporate tax rates in the world. The Tax Cuts and Jobs Act, passed at the end of 2017, introduced tax reforms that began a course correction towards a pro-growth and pro-innovation tax code — which was strengthened and made permanent via last year’s Working Families Tax Cuts.

First, the Working Families Tax Cuts locked in competitive tax rates for manufacturers, maintaining a 21% corporate tax rate, permanently extending the reduced individual income rates and 20% pass-through deduction for small businesses, and preventing tax increases on globally engaged larger businesses, setting a competitive baseline for both corporate and pass-through businesses.

Second, the Working Families Tax Cuts created and permanently extended critical investment incentives, allowing manufacturers to immediately expense costs of equipment, research, and manufacturing facilities while restoring a pro-growth interest deductibility standard.

Third, the Working Families Tax Cuts provided critical relief for family-owned businesses, increasing and permanently extending the estate tax exemption, supporting

the ability of family-owned businesses like GSE Dynamics to continue across generations.

Together, these provisions pave the way for the manufacturing investment we need to make to continue our success. At GSE, we will be using immediate expensing for equipment we are purchasing in 2026 and 2027. So far in 2026, we purchased a new 5-Axis Mitsui Seiki Machining Center to support our aircraft and maritime programs. To host the new machine, we need more space – and we are using the new facility deduction to expand our building. At the same time, we are investing in research to expand our advanced manufacturing capabilities, develop new software solutions, and experiment with additive manufacturing tooling parts. Engineering is at the heart of everything we do, and immediate R&D expensing is supporting our ability to maintain our innovative edge. On top of these provisions to reduce the costs of our investment, by permanently extending a higher estate tax exemption, we are better equipped to plan for and ultimately pass on the business to the next generation.

Building on Pro-Growth Policy by Expanding Access to Capital

In addition to pro-growth tax policy, this Committee and the House of Representatives have taken an important step to support the success of small businesses. Last year, the House passed the Made in America Manufacturing Finance Act, which would double the SBA loan caps for 7(a) and 504 SBA loans from $5 million to $10 million. This type of policy is exactly what is needed to expand access to capital. Manufacturers are capital intensive, and starting a small manufacturing business often depends on purchasing millions of dollars of equipment to get started. The assistance that SBA can provide is a critical piece of the financing puzzle for many looking to start and grow a manufacturing company.

I communicated the importance of this work to SBA Administrator Loeffler when she toured our facility, and I look forward to continuing to support the SBA's efforts to support manufacturers as a recently appointed member of the SBA Manufacturing Advisory Committee. Now, the Senate should pass the bill and lock in another manufacturing win. This bill, combined with the tax incentives in the Working Families Tax Cuts, can make the initial investments needed to set up or expand a manufacturing company more accessible. Congress should continue to work towards expanding access to capital for small manufacturers.

Regulatory Compliance Costs Weigh on Manufacturing Growth

Another important step to support small manufacturers would be to reduce regulatory burden. The manufacturing industry spends $350 billion each year just to comply with

federal regulations, capital that could be spent on expanding factories and production lines, hiring new workers, or raising wages. On average, manufacturers spent $29,000 per employee per year due to regulatory compliance costs. This number goes up to $50,000 per employee per year for small manufacturers. A 2023 NAM study on regulatory costs, which surveyed manufacturers across the country as part of its methodology, found that if the costs of federal regulation were reduced, funds presently allocated toward compliance would become expenditures for employee compensation and hiring, investment, and research and development.

Additionally, while the costs of regulations for small manufacturers generally are high, those burdens are even greater for manufacturers in the defense industry. Understandably, the Department of War wants to ensure its suppliers meet a certain security threshold, but complying with those requirements is far costlier in scale for small businesses than they are for larger ones. Additionally, the high barrier to entry can make it difficult for anyone who isn't a legacy manufacturer to join the industry. While GSE is small, we have been doing this for more than 50 years. Each increase in compliance requirements that has occurred in recent years was an incremental change for us. For someone new to the space who needed to meet all of those requirements at once, it would be a significant hurdle to overcome, particularly while simultaneously needing to learn the processes for government contracting.

A Comprehensive Strategy is Needed for Manufacturing Revitalization

Beyond these suggestions to expand access to capital and reduce regulatory burdens, there are other policies which would support manufacturing success in the United States. Congress should enact permitting reform that empowers companies to get shovels in the ground quicker and more efficiently. Congress should bolster American energy dominance with an all-of-the-above energy strategy. Congress should invest in infrastructure that enables us to make and move products around the country. Congress should support manufacturers' efforts to offer affordable healthcare benefits to workers and their families. And critically, Congress must ensure that we have the workforce to fill a growing manufacturing sector. Workforce shortages are a barrier to manufacturing growth in general, and a national crisis should the defense industrial base need to dramatically expand its production. Together, these policies would pave the way for a manufacturing renaissance.

The Defense Industrial Base and Supply Chain Security

The world has changed significantly over the past several decades, and some of these changes have created new challenges and vulnerabilities that we should take action to address.

Maintaining and growing a robust defense industrial base requires intentional effort and support. We need to engage more manufacturers, grow existing supply chains, and invest in the manufacturing workforce. The warning signs of fading capacity and capability are decades old. The Center for Strategic and International Studies analyzed a series of wargames focused on a conflict with China over the Taiwan strait and concluded the U.S. would likely run out of key munitions in less than one week and it would take two years to fix the shortage. U.S. shipbuilding is just as poorly positioned, CSIS wargame analysis concluded that replacement time from any meaningful combat would be roughly 40 years for aircraft carriers, 15 years for large surface combatants, and 7.5 years for attack submarines. In comparison, U.S. Navy intelligence estimates China's shipbuilding at 200 times higher capacity.

These hypothetical estimates are supported by the reality of the Israel-Iran war in June, 2025. In a twelve-day period, the U.S. fired 100, between a seventh and a third of our national stockpile, of our most advanced THAAD missile-defense interceptors. The current production rate to replenish is 12 per year. With a military that is repositioning from preparation for traditional conflicts to a hybrid of traditional, cyber and drone attacks, production capability and capacity is more critical than ever.

In addition to rebuilding the capacity for defense production, we must ensure that the supply chains fueling that production remain secure. Global supply chains have become far more integrated. International trade's share of the global economy has increased from 25.8% in 1971 when GSE Dynamics was founded, to 56.8% in 2024. While there are many benefits that come with this expanding global market, there are also vulnerabilities. Congress has already recognized and taken steps towards addressing some of these vulnerabilities, including via the CHIPS Act to onshore semiconductor manufacturing from Taiwan, and more broadly in the aftermath of Covid as the crisis exposed key medical supply chain vulnerabilities. There are many other areas, such as critical minerals, where the supply chains are still dominated by China or other countries. When it comes to those inputs which are necessary for national security, we must take steps to ensure robust domestic or allied supply chains.

The Manufacturing Workforce Shortage

Another significant challenge we face is a manufacturing workforce shortage. There are 400,000 open positions in the manufacturing sector, and the existing shortage that is already a challenge for manufacturing would be a crisis if the need to expand wartime production came. In a 2024 poll, 80% of Americans agreed that America would be better off if more Americans worked in manufacturing today. However, when asked if they thought *they* would be better off working in manufacturing, 72% of respondents said they would not. This is largely a product of social perception, not a reflection of the

quality or dignity of a manufacturing career. A survey of 18- to 20-year-olds in the US found that 74 percent perceive a stigma associated with choosing vocational school over a traditional four-year university. An overwhelming 79 percent of respondents said their parents wanted them to pursue a college education after high school, while only 5 percent said the same about vocational school.

How we measure success needs to be re-evaluated in our educational system. A person does not need a four-year degree to have a successful career, pathways to success also include those leading to the skilled trades. The shift in the perception of vocational training and trade schools has significantly undermined our national competitiveness while discouraging talented people from excellent careers in manufacturing or other trades.

At the same time that public perception of vocational training has declined, the skills needed to be taught are also evolving. As manufacturing in the U.S. grows and job roles evolve, especially with the integration of AI, there is an urgent need for stronger, more responsive training pathways to fill high-skill, high-wage roles.

The most effective way to meet this need is through employer leadership supported by a responsive public workforce system—both partners are necessary to build and sustain a skilled manufacturing workforce. Congress can help close this gap by adopting workforce legislation that funds employer-led training initiatives tailored to small and medium-sized manufacturers, whether through multi-employer partnerships or individual efforts. Congress should also take steps to encourage more people to pursue trade schools as a career option. The social stigma surrounding that education is causing significant harm to our economy, and to those who would enjoy fulfilling careers in the manufacturing industry if not outright discouraging them from doing so. Manufacturers need employees at all skill levels, and no one on that spectrum is more important than the rest. Every manufacturing job is an important piece of the puzzle, and all of them offer a stable, well-paying job.

Conclusion

GSE Dynamics is proud to be a small manufacturer in America, and we are proud of the deep history of aerospace, naval, and defense innovation and production that has been integral to the Long Island community for more than a century. My father is an example of Long Island's contribution to this innovation, and Long Island's legacy of groundbreaking ingenuity is an example of America.

When people think of the moon landing, they may think of Neil Armstrong and Buzz Aldrin, two American heroes who risked their lives for their country and the scientific advancement of all people. I also think of the millions of Americans who played their

part in that unprecedented, impossible feat. The innovators, manufacturing workers, researchers, technicians, and engineers who worked together to build the technology that would put the first man on the moon. At the Cradle of Aviation Museum on Long Island, the highlighted attraction is a Grumman-built Lunar Module. Breathtaking as it is, I find the blueprints on the walls outside the exhibit more poignant as they are signed by the men and women who made it possible, the Long Islanders who built the spacecraft that carried Americans to the Moon. Across this country, when Americans put their mind to something and work together, not even the sky is the limit.

We must now determine to expand our ambitions and take action to continue our legacy of dynamism and innovation. Recent policies, including the Infrastructure Investment and Jobs Act, the CHIPS Act, The Tax Cuts and Jobs Act, and the Working Families Tax Cuts, have been important steps towards reinvigorating the American manufacturing sector and restoring our industrial preeminence.

America's rise to a World Power was fueled by intentional investments in manufacturing innovation, infrastructure and excellence in craftsmanship and production methods. Over the past 40 years, manufacturing has become far more competitive globally, and the manufacturing dominance the US enjoyed in the 20th century has declined in the face of that competition. While this is being reversed, there is much more that needs to be done to revitalize this vital sector.

We must expand access to capital, lower the cost of regulatory compliance, invest in a skilled workforce, advance and adopt new technology, and secure our critical supply chains. History shows that advancements in the military-industrial sector do more than secure national security, they spark breakthroughs in civilian life, from the internet to GPS, jet travel, and the semiconductor industry. Today, civilian advancements are also leading to military advancements with progress in areas such as AI and drone technology. Navigating this convergence of commercial and military innovation is the defining challenge of our time.

The policies and investments discussed in this testimony are critical to the future of our nation. Long Island, where so much of the history of this nation has been written, is poised, once again, to work with communities across America to meet this challenge.