



Testimony of

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Chairman Williams, Ranking Member Velazquez, and members of the Committee on Small Business, thank you for inviting me to testify today on behalf of the 13 million people who make things in America.

My name is Charles Crain, and I serve as the Managing Vice President of Policy at the National Association of Manufacturers. The NAM represents manufacturers of all sizes, in every industrial sector, and in all 50 states. Across the industry, 93% of manufacturers have fewer than 100 employees, and 75% have fewer than 20 employees. In other words, small businesses drive the manufacturing economy.

Small manufacturers are uniquely well-positioned to help the U.S. achieve a manufacturing renaissance. Whether they are a new company seeking to disrupt their industry or a long-standing family business that has been operating across many generations, small manufacturers often operate with advantages of agility, adaptability, and innovation that the institutional flexibility of a small firm size enables. At the same time, small businesses are often more sensitive to many of the challenges that manufacturers face.

Many of these challenges stem from federal policy burdens that can hamper small manufacturers' ability to grow and succeed. To ensure that the United States remains the best place in the world for small manufacturers to thrive, Congress and the Administration must pursue a **comprehensive manufacturing strategy**—built on pro-growth policies designed to bolster our industry's ability to invest and create jobs here in America. Policymakers have already taken a historic step toward a manufacturing renaissance by passing the One Big Beautiful Bill Act, providing a competitive, permanent, pro-manufacturing tax code—but more must be done, including rebalancing burdensome and unworkable regulations, reforming America's broken permitting process, investing in our nation's infrastructure, bolstering American energy dominance, providing trade certainty, and developing the manufacturing workforce of the future.

I. Tax Reform Paves the Way for Manufacturing Revitalization

This Congress has already made great strides in creating a better policy environment for small manufacturers to grow and thrive. Thanks to Congress's leadership on the OBBBA, which ushered in

a permanent, pro-growth tax code that supports manufacturers' ability to invest and innovate, America is well-positioned to build upon the industrial supremacy that has been the cornerstone of our nation's economic strength for over a century.

The manufacturing industry partnered with Congress for more than a decade on the Tax Cuts and Jobs Act and the OBBBA. In 2017, small manufacturers helped lead the charge in support of the TCJA, which replaced one of the world's least competitive tax codes with one of the world's most competitive. In the years following the TCJA, we saw the best job creation in manufacturing in 21 years, the best wage growth in 15 years, and significant increases in capital spending across the sector. To preserve this rocket fuel for the manufacturing economy, small manufacturers once again stepped up to the plate in support of the OBBBA, which made permanent the TCJA's historic reforms

In other words, the story of the tax bill's passage reflects the voices, the views, and the hard-won experience of the full swath of the manufacturing sector. This is particularly true for small manufacturers, who faced significant risk of impending tax hikes that would have occurred at the end of this year, threatening 6 million American jobs. Via crucial pro-growth policies like the pass-through deduction, individual tax rates, the estate tax exemption, and immediate expensing for equipment, research, and facilities, the OBBBA empowers small manufacturers to continue to drive the revitalization of the American manufacturing economy.

- **Pass-Through Deduction**—Created by the TCJA, the 20% pass-through deduction has had a significant impact on the growth and competitiveness of small manufacturers. Thanks to the TCJA's passage, a small pass-through manufacturer with \$1 million in taxable income saw its tax obligations reduced by more than \$100,000 from 2017 to 2018. These savings translate into increased hiring, investments in equipment and machinery, wage increases for shop floor workers, new benefits and training programs, and more. The scheduled expiration of the pass-through deduction at the end of 2025 would have resulted in a drastic increase in small manufacturers' effective tax rate—but the OBBBA preserved and made permanent this deduction. As a result, small businesses now have both the competitive tax policy and the certainty they need to compete and grow.
- **Reduced Individual Income Tax Rates**—The TCJA's reduced individual tax rates have been vital policies for the manufacturing sector given that 96% of manufacturers are pass-through businesses that pay taxes at the individual rates. The TCJA's rate cuts, which the OBBBA preserved and made permanent, gave these businesses more financial flexibility to make the investments they need to compete.
- **Estate Tax Exemption**—The OBBBA provides relief to many small, family-owned manufacturers from the devastating impact of the estate tax. In 2017, the TCJA doubled the estate tax exemption, protecting family-owned manufacturers from a potentially crippling tax burden following the death of a loved one. Without the OBBBA, the exemption would have been cut in half at the end of 2025. That would have meant that family-owned manufacturers would have been forced to liquidate assets, take on debt, limit operations, reduce employees, or close down entirely as a result of the death tax. Instead, because the OBBBA preserved the higher exemption, family-owned manufacturers are better equipped to grow and pass down their family's legacy.
- **Business Expensing**—A crucial pro-growth, pro-investment benefit of the OBBBA is the law's focus on business expensing. The OBBBA restored manufacturers' ability to fully and immediately expense the cost of both research and capital equipment purchases; it also made it easier to expense interest on business loans, reviving another TCJA incentive. Additionally, the OBBBA created a new deduction for the construction or improvement of manufacturing production facilities. By allowing for the immediate expensing of research,

capital equipment, and manufacturing facilities, the after-tax costs of those investments are reduced, and manufacturers can make more of them as a result. Manufacturers are capital-intensive, and investment in research and advanced manufacturing technologies are the lifeblood of manufacturing competitiveness. By creating a tax code that recognizes the importance of these investments for economic growth, manufacturers are better prepared than ever to compete and win.

On behalf of an energized and gratified industry, thank you for delivering on a tax bill that not only prevents devastating tax hikes on small and family-owned manufacturers, but builds on the successes of the TCJA with permanent, pro-growth policies designed to stimulate manufacturing investment here in the United States.

II. Made in America Manufacturing Finance Act

Manufacturers appreciate the Small Business Committee's efforts to build on the success of the OBBBA. Chairman Williams' Made in America Manufacturing Finance Act is an important step to further increase capital availability for manufacturers—enhancing the many pro-small-business tax provisions from the OBBBA that similarly support manufacturing capital formation.

MAMFA would create a critical new source of capital for small manufacturers. Recognizing the uniquely capital-intensive nature of the manufacturing sector, the bill would double the cap on SBA 7(a) and 504 loans for domestic manufacturers from \$5 million to \$10 million. SBA 7(a) and 504 loans are vital tools for many manufacturers that depend on capital-intensive investments. Enacting this legislation would be a strong step toward ensuring that manufacturers can secure the financing necessary to invest in equipment, facilities, and technologies that strengthen global competitiveness and create well-paying jobs here in United States.

Under this Administration and coinciding with the whole-of-government approach to manufacturing revitalization, SBA loans for manufacturing have already increased by 74% in 2025. This drastic increase in SBA loan utilization occurred despite an inflation adjusted decline of 33% in the value of the current \$5 million maximum loan amount since that maximum was set in the Small Business Jobs Act of 2010. Increasing the loan amount to \$10 million for manufacturers would more than accommodate the inflation-adjusted decline since 2010 and expand the loan guaranty to ensure that manufacturers have access to the necessary financing for growth.

III. Comprehensive Manufacturing Strategy

The path to manufacturing dominance is already underway with a competitive tax code now in place, and the Small Business Committee is working to build on this historic law. However, there is still much work to be done to achieve a federal policy posture that supports manufacturing revitalization in America.

To build on the success of President Trump and this Congress in extending, expanding, and making permanent a pro-manufacturing tax code, policymakers should pursue a comprehensive manufacturing strategy, with the specific goal of unlocking further domestic manufacturing growth and job creation. Manufacturers need reforms that reduce the cost of doing business in the United States, make it easier and more cost-efficient to get projects off the ground, provide the access to capital and policy certainty they need for long-term investment decisions, and empower the industry to attract, train, upskill, and retain the workforce of the future. Specifically, the NAM looks forward to working with Congress to advance:

- **Permitting reform** that allows companies to get shovels in the ground quicker and more efficiently—maintaining public buy-in for projects while eliminating the threat of endless

litigation that has too often stopped projects of all types in their tracks;

- **American energy dominance**, achieved through an all-of-the-above energy strategy, to power our industry—and a robust power grid that can handle the capacity we need, especially as manufacturers continue to incorporate AI into shop floor operations;
- **Modernized federal regulations** that will rebalance the \$350 billion in annual regulatory costs weighing manufacturers down;
- **Infrastructure investment** that enables us to make and move products around the country and meet the needs of our modern, interconnected, digital economy;
- **Policies that support AI innovation** and the next generation technologies that power modern manufacturing shop floors;
- **Commonsense trade policy** that ensures manufacturers have access both to imported inputs needed to make things in America and to export markets that enable us to sell around the world;
- **Health care policies** that support manufacturers' efforts to offer affordable benefits to workers and their families; and
- **Workforce solutions**, like employer-driven skills training, apprenticeship-style programs, and a reformed immigration system that focuses on America's economic needs, to help manufacturers fill the 400,000 jobs currently open across the industry.

These priorities are crucial to building on the “rocket fuel” that the TCJA and the OBBBA delivered for our industry, and to empowering small manufacturers across the country to continue to drive the American economy.

IV. Permitting Reform and Energy Dominance

Energy demand across the country is experiencing unprecedented explosive growth, and it's not expected to slow down, particularly as the energy demand growth in manufacturing coincides with a similar growth in demand resulting from the constructing of AI data centers. Manufacturers need to be able to produce and use every energy source available to meet this critical moment. In short, manufacturers need American energy dominance, bolstered by an all-of-the-above energy strategy, that allows our industry to innovate, build, and grow here at home.

In order to achieve this objective, we must reform our nation's broken and out-of-date permitting processes. It should not take the United States 80% longer to permit a project as compared to other major, developed nations. Unclear timelines, lack of agency coordination, overlapping statutes, and endless litigation continue to drive up the costs of critical projects or halt them altogether. According to a recent NAM survey, 80% of manufacturers say that the length and complexity of the permitting process is harmful to increasing investment, 87% of manufacturers would expand business operations, hire more workers, or increase wages and benefits if the permitting process were more streamlined, and 68% of manufacturers with permissible expansion plans say they would be able to expand more quickly with a streamlined federal permitting system.

Permitting reform underpins our energy, AI, and manufacturing future—and now is the time for Congress to act.

- **Reform the National Environmental Policy Act**—Manufacturers need certainty when making investment decisions and planning projects. But the NEPA process has been abused by activists acting in bad faith—leading to project delays and years of uncertainty. Policymakers should enact commonsense NEPA reforms that will ensure a speedy process that results in definitive decisions for all projects.
 - **Expedite judicial review under NEPA**—The judicial review process under NEPA has long been abused, with incredibly lengthy and often frivolous litigation too often holding up projects. Manufacturers need a workable statute of limitations, guardrails that limit legal action to affected stakeholders that offer substantive public input, and clearer limits on when courts can invalidate an agency action.
 - **Codify Supreme Court NEPA precedent**—Too often, project opponents use speculative or non-proximate project effects to challenge a permit decision. The Supreme Court recently issued a unanimous decision that limits the scope of NEPA. Congress must codify this precedent to ensure that environmental reviews only focus on the impacts of a project to its immediate environmental and community surroundings.
 - **Update what triggers a major federal action under NEPA**—The federal government often supports critical manufacturing and energy projects across the country with various incentives. However, this very support frequently triggers a lengthy review and litigation process, defeating the purpose of the government incentives. Projects that receive federal funding should not automatically trigger NEPA solely because they receive federal financial support.
 - **Increase the use of categorical exclusions under NEPA**—While Congress looks to reform NEPA, the executive branch should use its existing authority under Sec. 109 of NEPA, as added by the Fiscal Responsibility Act, to issue new categorical exclusions and more efficiently allow for interagency transferability of these exclusions in order to ensure critical infrastructure projects can advance unimpeded by unnecessary reviews.
- **Create and maintain enforceable deadlines**—Manufacturers lack predictability for when they can expect final permitting decisions to be issued. Policymakers must establish clear statutory deadlines to avoid leaving the process open to interpretation and abuse.
- **Streamline the Clean Water Act**—Clean Water Act reviews have led to extended and unnecessary delays given unclear rules, vague divisions of state and federal authority, and extended review periods. Policymakers should clarify timelines for when agencies must act on permitting requests, establish clear, commonsense definitions regarding the scope of permitting and consultation requirements, and increase the usage of general permits.
- **Modernize the Clean Air Act**—Increasingly, regulations under the Clean Air Act are holding back manufacturing and energy investment. By setting air quality standards that are at or near natural background levels, imposing onerous requirements on new and expanding facilities, and failing to account for international emissions, the status quo leaves energy and manufacturing dominance at risk. The administration should ensure workable standards for both PM2.5 and Ozone under the CAA's National Ambient Air Quality Standards program, and Congress should modernize the NAAQS program to make it easier to discount international emissions, ensure a workable review process through realistic timelines, bolster stakeholder voices in the review process, and allow for creative solutions for emissions reduction credit trading across states and regions.

- **Provide greater regulatory certainty**—Manufacturers face difficulties planning projects when the rules of the road change from administration to administration. The same is true when agencies have overlapping or conflicting policies that impact energy and AI development. Agencies must better coordinate when adopting impactful policies—including by designating a lead agency to coordinate efforts to improve the federal permitting process.
- **Unlock access to domestic critical materials, including on federal lands**—Critical materials and minerals are essential inputs for robotics, industrial automation, electronics, and electric grid components. Unfortunately, financial and regulatory barriers are impeding the development of domestic mining and processing capacity in a time frame that can meet supply chain needs. Policymakers should advance legislation, incentives, and regulations that will allow for expedited approval of critical minerals and materials projects. This includes aligning the DOE Critical Materials List and the DOI Critical Minerals List, which will ensure greater domestic access to these materials through financial incentives and permit streamlining.
- **Accelerate construction of needed energy infrastructure**—America needs enhanced infrastructure to transport energy across the country. Policymakers should modernize the permitting process for pipelines, enhance and improve safety measures around pipeline systems, and increase efficiencies through embracing new technologies like AI. Federal agencies also should coordinate with state and local officials to improve the process for interconnecting new transmission and distribution lines to the grid, ensuring that the electrons generated can get to their final destination.

V. Regulatory Rebalancing

A critical pillar of the NAM's comprehensive manufacturing strategy is to re-balance the regulatory landscape for manufacturers. Our 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. This comes out to manufacturers spending an average of \$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 with less than 50 employees. The 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.

Manufacturers have been at the forefront of calling on the administration to right-size the federal regulatory environment and to institute practical, workable rules of the road that will allow manufacturers to invest, build, and grow. In December 2024, the NAM and more than 100 manufacturing organizations sent a [letter](#) to then-President-Elect Trump outlining more than three dozen regulatory actions the administration could take to right-size regulatory burdens for manufacturers. Following the President's February 19 executive order on federal regulations, the NAM [submitted](#) more than 40 regulatory recommendations across 10 agencies that needed to be rebalanced to unlock manufacturing growth in the U.S. The administration has made significant progress in implementing these regulatory priorities, with dozens of unworkable rules already in the process of being rescinded or rebalanced.

There is still more work to be done to further streamline federal regulations holding manufacturers back. The NAM is calling on Congress and the administration to:

- **Finalize the EPA's reconsideration of the Biden administration's PM2.5 NAAQS rule** by reversing course on this unworkable standard, which set limits below natural background levels in many regions and blocks manufacturing investment and job creation.
- Begin the EPA's rulemaking process to **maintain the first Trump administration's ozone NAAQS standard** of 70 parts per billion.
- **Implement the One Big Beautiful Bill Act** at Treasury with expedient guidance that maximizes the pro-growth effects of this historic law and minimizes the compliance burden for taxpayers.
- **Promulgate reforms at the SEC to depoliticize the proxy process** by instituting much-needed oversight of activist shareholder proposals and proxy advisory firms.
- **Establish a workable CERCLA hazardous substance designation Framework Rule** to avoid future PFAS determinations that would hamper manufacturing in America, and conduct a durable reconsideration of the other PFAS drinking water standards.
- **Substantially revise or rescind the Biden administration's proposed OSHA Heat Rule**, which would impose impractical, one-size-fits-all standards on manufacturers across the country.
- **Protect manufacturers from liability and a fifty-state regulatory patchwork** by preserving federal preemption over climate regulation at the EPA.
- **Finalize ongoing reviews of overreaching and unbalanced Biden EPA rules**, including the Power Plant Rule, the Good Neighbor Rule, NESHAPs for multiple uses of ethylene oxide, the TSCA risk evaluation framework, the Risk Management Program, and the definition of "Waters of the United States."
- **Continue implementing the White House AI Action Plan** to drive American AI dominance, incentivize AI innovation and adoption, and enhance permitting of data center infrastructure.

VI. Infrastructure Investment

The competitiveness of manufacturers across the nation is impacted by the quality of our infrastructure networks. As part of a comprehensive manufacturing strategy, we need policymakers to continue the bipartisan tradition of investing in our nation's surface transportation infrastructure, as a modern transportation system is integral to manufacturers' ability to make and move products on which millions of people depend. Additionally, public infrastructure projects generate productivity gains and induce demand for manufacturing goods—stimulating the economy and bolstering American competitiveness.

There is also a human element when it comes to the benefits of a modern transportation system. Every day, millions of manufacturing employees travel over roads to and from work, the grocery store, and kids' baseball games. Their safety and livelihoods are improved by projects that modernize American infrastructure and make the movement of people and goods safer and more efficient.

The success of any effort to modernize and make improvements to our nation's surface transportation infrastructure depends in large part on the swift obligation of funding and how efficiently projects can get from design to construction. Rightsizing our nation's cumbersome and

overreaching permitting laws and regulations is essential in this regard—and is part of any comprehensive strategy to grow manufacturing in the U.S. And targeted reforms are needed to ensure federal infrastructure investments are as effective as possible, including changes that would simplify formula funding programs and notices of funding opportunities for the discretionary grantmaking process, removing red tape.

Congress can and should seize this opportunity to enact legislation that will further support our economy and better enable manufacturers to compete. It is critical that we provide the certainty that comes with keeping to the five-year surface transportation reauthorization schedule, instead of going back to the fits and starts of extensions.

Additionally, manufacturers have been leaders in championing continued improvements to America's surface transportation infrastructure, advocating for passage of the Infrastructure Investment and Jobs Act, the Fixing America's Surface Transportation Act, and the Moving Ahead for Progress in the 21st Century Act, among many other pieces of legislation. The IIJA in particular was a historic investment, informed by years of advocacy from manufacturers and other key stakeholders to finally address our nation's longstanding infrastructure needs. Manufacturers respectfully encourage Congress to consider several policy proposals that will support our efforts to build and grow here at home and compete around the world, including:

- **Continuing robust investment levels** for federal infrastructure, developing long-term solutions for Highway Trust Fund solvency;
- **Strengthening transportation supply chains** to support resiliency and efficiency; and
- **Reforming burdensome permitting laws** and regulations to ensure federal infrastructure investments are made efficiently and responsibly.

VII. AI and Advanced Manufacturing Technology

Manufacturers are at the forefront of the AI revolution. Research from the Manufacturing Leadership Council, the digital transformation division of the NAM, indicates that 44% of manufacturers planned to increase their smart factory technology investments in 2025. Additionally, artificial intelligence is making significant inroads in optimizing performance and improving product quality and innovation. More than half of manufacturers already use AI in their operations, 60% of manufacturers expect to deploy AI in their operations by 2027, and 80% of manufacturers say AI is essential to grow or maintain their business by 2030. However, as manufacturers seek to make a shift toward digital operations, 49% said they find themselves challenged with the expense of upgrading outdated equipment, and 43% said they lack digitally skilled employees. And while 93% of manufacturers say that using data has improved their decision-making, almost half say they are challenged with trying to extract data from legacy systems and equipment. The restoration of immediate expensing for equipment purchases was a vital policy tool manufacturing investment generally, but particularly impactful within the context of the current barriers to AI adoption, with the expense of advanced manufacturing equipment accounting for the largest barrier.

AI is crucial to manufacturers' efforts to ensure safety on shop floors across the industry, develop and design innovative products and processes, increase supply chain efficiency and operational consistency, and more. To enable and empower the industry's work to be at the leading edge of this groundbreaking technology, and to ensure that small manufacturers are not locked out of its potential, policymakers should:

- **Review existing federal laws and regulations.** The growing number and variety of use-cases of AI in manufacturing, on the shop floor and throughout manufacturers' operations, require a regulatory environment that is optimized for the development and deployment of these groundbreaking technologies. Policymakers should identify laws and regulations that

prevent or inhibit the development or deployment of AI. Additionally, when considering new rules, policymakers should take into account where existing regulations are sufficient rather than adopting new, AI-specific ones.

- **AI is context-specific, so “AI regulation” should be too.** The diversity of use-cases of AI makes manufacturers particularly sensitive to any AI policy or regulatory approach that is one-size-fits-all. Regulation should focus not on the AI technology itself—whether how it is developed or how it operates—but rather on how it is used. Innovation requires a risk-based rather than one-size-fits-all approach.
- **Right-size any AI regulation compliance burden.** The ubiquitous use of AI throughout modern manufacturing, as well as manufacturing’s dependence on innovation, underscores the need for rules that enable rather than hinder manufacturers’ development and adoption of AI systems. Workable, balanced regulations will avoid imposing undue compliance burdens that would inhibit AI adoption—and industry standards and self-assessments, rather than audits, can help minimize the compliance burden.
- **Promote best practices for transparency of AI development.** Complying with risk-based and use-case-specific regulation requires AI deployers to understand how AI systems are developed and trained so that they can understand how they will perform. The administration, via the National Institute of Standards and Technology, should develop and promote best practices that give AI deployers such transparency.
- **Ensure a level playing field between open and proprietary AI solutions.** Preserving manufacturers’ access to AI models that are open source and/or open weights will enable AI advancements across a wide range of companies.

As I’ve noted, the adoption of AI throughout manufacturing is critical to the continued global competitiveness of the sector. And, to enable this competitiveness, businesses need skilled workers both for the deployment and integration of AI into manufacturing processes and business models, and for those who leverage advanced manufacturing technology on the shop floor in the production process itself. The economic growth potential from AI is substantial but also requires a significant adaptation amongst both manufacturers and the workforce. Automation changes the tasks that manufacturing workers perform and the skills they need on the job, and the United States can lead in AI while simultaneously building the best manufacturing workforce in the world—but that depends on an adaptive and accessible workforce development model that can accommodate for rapid changes in workforce needs.

Additionally, abundant energy is a prerequisite for American AI leadership. Both AI data centers and manufacturing processes are energy-intensive, and the potential of AI diffusion throughout the manufacturing sector to translate to economic growth depends on a foundation of abundant energy production. Because of this interdependence, permitting reform, energy production, and a modern and adaptive manufacturing workforce are mutually reinforcing elements of a pro-AI policy strategy, each independently critical to advanced manufacturing dominance, but with compounding impacts when done together.

VIII. Commonsense Trade Policy

Trade policy is part of a comprehensive U.S. manufacturing strategy

The NAM’s Q3 Outlook Survey shows optimism rebounding after the passage of the OBBBA, but we’re still below historic highs. Trade uncertainty, rising raw material costs, and increasing health care costs topped the list of concerns for the third consecutive quarter. In order for manufacturers to

fully tap into the power of the OBBBA's historic pro-growth tax provisions, we need trade policies that respects the manufacturing investments that we've made under the rules we were given as well as new and/or improved cutting-edge trade deals—while enforcing existing obligations—as part of a comprehensive U.S. manufacturing strategy.

Manufacturers of all sizes in the U.S. thrive when they can reach customers wherever they are located in the world. While manufacturers benefit from strong U.S. demand, billions of customers are outside the U.S. In 2024, the top 25 manufacturing export markets in 2024 amounted to \$1.4 trillion in opportunities for manufacturers in the U.S. Building on this strong foundation, combatting unfair trade practices, and expanding access to global markets will allow U.S. manufacturers to outcompete any rival.

Manufacturers of all sizes compete in the global economy

Expanding manufacturers' reach through global trade has been pivotal to expanding U.S. manufacturing production to record levels, to promoting manufacturing innovation, and to enabling businesses of all sizes to raise wages and create more high-skilled U.S. jobs.

Manufacturers are working to increase capacity in the United States. That's why we've put forward a plan to reward and incentivize the manufacturers who have done exactly that: invest in America. Even when running at full capacity—every shift filled, every factory floor humming—manufacturers in the U.S. must still import about 16% of the inputs we rely on to produce goods here at home. In other words, America can supply 84% of its manufacturing inputs domestically—but we need a runway to reach 100%.

Under our plan—the U.S. Manufacturing Investment Accelerator Program—we've provided an effective way for the administration to grant a “speed pass” to import critical inputs without the added cost of tariffs. It helps manufacturers working to make America the best place to build things import what they need to build those things. Manufacturers plan years ahead—sometimes four or five years, sometimes much longer for major projects like mining and processing critical minerals. We need predictability and a competitive edge to sustain that investment.

In the face of growing overseas competition, foreign government distortions, and trade barriers by trading partners—including by countries that prefer to play by their own rules—the NAM believes that strong U.S. global economic policy leadership is necessary to address these challenges, ensure supply chain resiliency, and promote more U.S. manufacturing exports and the well-paying jobs they support.

IX. Health Care

Manufacturers have a deep commitment to providing health benefits to their workers, even as rising health care costs remain a top challenge for the industry. 67.5% of small manufacturers cited health care and insurance costs as their primary concern in the NAM's most recent Manufacturers' Outlook Survey. Despite this challenge, 95% of manufacturing employees are eligible for health insurance benefits, 80% of whom participate, which underscores the urgent need for action to reduce health care costs for manufacturers and manufacturing workers alike.

Employer-sponsored health insurance (“ESI”) is the bedrock of the United States' health care system—in 2024, 154 million people were covered through ESI. In 2023, the NAM released a study, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care*, which took an in-depth look at the progress made by manufacturers in offering ESI, as well as the challenges they continue to face. The study found that manufacturers provide health care benefits so they can effectively attract and retain employees, to maintain a healthy and productive workforce, and

because they believe it is the right thing to do for their workers. Manufacturers are committed to continuing to offer health insurance to their employees, but there are steps Congress can take to ease the burden they face.

To increase access to and affordability of ESI, manufacturers recommend:

- **Strengthening ERISA**, including by easing regulatory burdens—which would lower costs and improve the quality of care for manufacturers and manufacturing workers;
- **Protecting ERISA's federal preemption**, which allows multi-state employers to design and administer uniform benefits to all employees, regardless of their states of residence;
- **Improving data transparency and accessibility**, ensuring manufacturers have the information they need to make informed decisions about their plan;
- **Preserving the ESI tax exclusion**, which is critical to manufacturers' ability to offer accessible and affordable health coverage;
- **Reforming pharmacy benefit managers**, underregulated middlemen that drive up health care costs for manufacturers and manufacturing employees alike; and
- **Reforming the 340B program**, which has expanded far beyond its original scope, increasing drug costs for self-insured employers and their workers.

X. Manufacturing Workforce and Immigration

Workforce Development

Over 2024, we have averaged 500,000 open manufacturing jobs in America—good-paying, life-changing careers. And by the year 2033, we face a shortfall of 1.9 million manufacturing workers.

Manufacturers have a deep understanding of their workforce needs and the negative impact on their bottom line when they do not have the talent to fill necessary roles. They have long invested and taken an active role in building a well-trained, future-ready workforce. 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. We have seen steps in the right direction thanks to the work of this Congress, namely through the recent passage of the Workforce Pell program.

Large manufacturers often have the capacity to develop internal training programs or collaborate directly with education providers. Small and medium-sized manufacturers, however, generally lack those resources, and as a result tend to rely more heavily on the public workforce system, or all together bypass training that could make their company more competitive. In many regions, the public workforce system is not structured to respond quickly or effectively to local employer needs, resulting in a mismatch between training programs and the skills manufacturers require.

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. Manufacturers should be confident that external training programs will meet their needs. This requires placing employers at the center of federally funded training programs from design to delivery—including those under the Workforce Innovation and Opportunity Act, Strengthening Career and Technical Education for the 21st Century Act, Workforce Pell, and others.

In addition to modernizing the broader workforce system to better serve small and medium-sized manufacturers, Congress should expand proven models like apprenticeship by removing barriers and aligning incentives. Some manufacturers have successfully developed and executed

apprenticeship programs, though broader participation is limited by the high costs of development and administration. Small and medium-sized manufacturers are especially constrained. Federal investments that offset wages, on-the-job training expenses, and program setup costs would significantly expand access and impact. Without rebalancing the costs and incentives, particularly for registered apprenticeships, only modest growth in adoption among manufacturers is likely. Congress should act to modernize apprenticeship policy, streamline registration, and expand financial support to ensure more small and medium-sized manufacturers can benefit from this effective model.

Immigration

In addition to improving workforce development and education policies in the United States to train Americans for rewarding careers in manufacturing, closing the existing manufacturing employment gap and meeting the growing demand for manufacturing workers will also depend on pro-growth immigration policy.

Manufacturers greatly appreciate the administration's focus on immigration reform. Strong border security and targeted enforcement are essential to a lawful, stable system that ensures hiring occurs through legal channels. By pairing these efforts with a modern, merit-based, employment-driven immigration framework, Congress and the administration can create a legal immigration system that works and secure American manufacturing dominance for generations to come.

Manufacturers face a unique, structural workforce challenge unlike that of any other industry, but the current system fails to recognize the distinct skills and positions that drive production on the shop floor. Welders, machinists, and technicians are essential to making things in America. These essential workers are the backbone of our industrial strength, but the system offers few pathways to bring them here legally. And while programs exist for scientists and engineers—who are also critical to manufacturing growth—those pathways must be updated and reformed to meet the evolving demands of innovation, technology, and advances of manufacturing in the decades ahead. To power growth and realize American manufacturing dominance until the domestic workforce can meet industry's needs, we need a legal, merit-based, employment-driven immigration system that works alongside our domestic workforce development efforts.

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Tax reform was the first step in a national pivot to manufacturing dominance. Now, it's time to continue the momentum and adapt other aspects of federal policy to the new geopolitical reality that demands a comprehensive strategy for manufacturing competitiveness.

The United States cannot afford to be 80% slower than other developed economies in deploying critical energy and transportation infrastructure as a result of permitting delays. We cannot afford an excessively burdensome patchwork of federal regulations that cost manufacturers \$350 billion annually to comply with. We cannot afford to falter in implementing both the workforce development and immigration policies that are needed to ensure that our workforce can accommodate currently open manufacturing jobs and forthcoming growth. We cannot afford to fall behind in developing and deploying the advanced manufacturing technologies that underpin manufacturing productivity and competitiveness.

This Congress and this administration have been clear that restoring manufacturing dominance is a top priority. Small manufacturers will drive growth and innovation in the manufacturing industry, but we need Congress and the administration to continue the progress already made this year in establishing the policy context that will support industrial revitalization.

Manufacturers stand by Congress and this administration throughout this national effort at manufacturing revitalization and are ready to work with you towards a policy posture that supports growth and innovation throughout the sector.

I am grateful for the opportunity to testify before you today, and I look forward to the opportunity to answer your questions.