

**Written Testimony of Shirley Modlin
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**U.S. House Committee on Small Business
“Made in the USA: How Main Street is Revitalizing Domestic Manufacturing”**

November 20, 2025

Dear Chairman Williams, Ranking Member Velázquez and members of the Committee:

Thank you for the opportunity to speak about the importance of America’s small manufacturing businesses. I’m Shirley Modlin, the owner of 3D Design and Manufacturing in Powhatan, Virginia, and a long-time member of Small Business Majority. For 20 years, we’ve supplied both mechanical engineering design services and manufacturing engineering design services. We frequently work with very large corporations in the beverage, pharmaceutical, automotive and space technology industries.

Small manufacturers are a critical part of America’s economy because very large manufacturing corporations regularly rely on small businesses like mine to solve some of their biggest problems. For example, when an assembly line at a large business breaks down because a particular machine has failed, we’re the first ones called in to diagnose the problem, make the replacement part and repair the machine all within about two days. Our work comes with a lot of pressure because if we don’t get the job done quickly, our customers can lose millions.

I’m glad the Committee recognizes the importance of small businesses in revitalizing domestic manufacturing. Unfortunately, I’m here to tell you that my business and many of my peers are struggling under the current economic conditions. We’ve been in business since 2005 and we’ve never experienced such turmoil. This is largely due to the crushing tariffs that impact every area of our industry. Our products are made in America but a lot of the aluminum, steel and alloys we use in our manufacturing are imported from Canada and Mexico.

In addition to hurting our bottom line, tariffs create a lot of uncertainty. Over the past year, the tariff rate has changed drastically. I never know if there will be no tariff, a 25% tariff, a 50% tariff or an even higher tariff on aluminum. This makes it extremely difficult to set prices, which hurts our business. While we’re being battered about, we cannot do the same to our customers. We quote our job and hold the price for five days. If the customer comes to us a bit later and the prices drastically rise to account for new tariff levels, our customers won’t tolerate that and will take their business elsewhere.

After tariffs, our biggest challenge is finding the employees necessary to meet our needs. Small manufacturers like 3D Design and Manufacturing rely on a skilled workforce to fulfill our orders and stay in business. Unfortunately, there is a severe shortage of those workers. When we do bring in a young promising worker on an apprenticeship program, it takes 30 days just to see if they could develop the necessary knowledge and if they have the dexterity to succeed. During that time, we invest a lot of our resources in training them and many don’t work out for us. This workforce shortage is urgent as it will only worsen in the coming years: many of our machinists are 30-year veterans of the industry who plan to retire soon.

Recruiting new employees to fill these positions cannot happen overnight, given the level of specialization needed for machinists and mechanical engineers. Even the most promising candidates require training and time on the floor to reach the skill level needed to operate our machines and materials. This is a

necessary but costly investment of time and resources for a small business. Unlike our large competitors, we do not have dedicated training staff, built in redundancies or the ability to put employees on the payroll exclusively for training purposes. 3D and other small manufacturers are willing to make this investment, we have to remain open and competitive. But it can be cost-prohibitive and time-consuming to ensure that new hires are ready and able to replace our retiring employees.

Further, when we find qualified potential employees, our ability to hire them is often limited because of our inability to provide high-quality benefits like healthcare and childcare. I recently interviewed an applicant who rejected our job offer for another opportunity that came with a similar salary but included employer-sponsored health coverage – something we can't afford to offer. Instead, I have my employees provide me with proof of their insurance—which most obtain through the Affordable Care Act (ACA) Marketplace—and then I reimburse them \$350 monthly to help cover their costs.

That's why I'm so concerned about the expiration of the ACA's enhanced premium tax credits (ETPCs), which are critical to getting our workforce covered. If the tax credits expire, it will make our employees' health coverage completely unaffordable as their premiums skyrocket even higher. I'm afraid that they will be forced to choose between prioritizing their physical health or their financial health.

Additionally, childcare accessibility and affordability is a huge struggle for my employees. In my rural area of Virginia, there's a waiting list between 9-12 months to get a spot in a childcare center. And then once someone does get a spot, it costs an exorbitant amount of money. But the challenge doesn't end there. When either the childcare provider is sick or an employee's child is sick, the employee has to take time away from work to care for their child. This impacts our business' productivity as we work on tight timelines, and unexpected employee absences slow us down. I try to be as flexible as I can because my employees come first, but they end up having to take PTO for these absences. It's a painful situation for us all.

Congress can address these challenges in several ways. First and foremost, by exempting small businesses, not just certain industries, from tariffs. Second, by extending the ACA enhanced premium tax credits and investing in childcare providers to increase supply. Third, by working with the small manufacturing community by investing into domestic manufacturing with technical support, incentives, and bolstering our workforce, not slapping a tax on our closest trading partners while we foot the bill.

Small manufacturers like us need your support to succeed in the face of economic headwinds and workforce issues in order to bring manufacturing back to America and create quality jobs on Main Street. I urge you all to support legislation that would help us overcome these obstacles so we can be part of a manufacturing revitalization across the United States and create well-paying jobs.

Thank you again for the opportunity to speak with you today, and I look forward to answering any questions you may have.