

October 26, 2023

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510

The Honorable Hakeem Jeffries
Democratic Leader
United States House Representatives
Washington, D.C. 20515

Dear Speaker Johnson, Majority Leader Schumer, Republican Leader McConnell, and Democratic Leader Jeffries:

We write with deep concern regarding a significantly harmful, but unfortunately relentless issue: inflation. The negative economic impact from inflation continues to be a top concern for the more than 320 aerospace and defense (A&D) companies represented by the Aerospace Industries Association (AIA), and nowhere is this felt more acutely than within the small businesses undersigned below. Suppliers like us employ nearly 60 percent of the overall A&D workforce and contribute to nearly half of industry sales. Our workforce, productivity, cash flow, and other business operations acutely feel the burden of inflationary pressures. Right now, Congress' most important step in addressing inflation is fully funding the government as soon as possible.

As you know, inflation is a national challenge affecting businesses across the country. Costs for manufacturing inputs remain persistently high – in some cases, the prices of parts and materials are 100 to 200 percent over normal levels. The burden does not stop here. Inflation is also creating delivery delays, driving up costs even further. Small businesses are being particularly hard hit by rising costs and associated uncertainty. For example, one of AIA's small business members shared that the lead time for some materials has increased threefold, transportation delays and costs are so significant that they have had to buy their own vans to deliver products, and salaries for skilled workers have jumped by as much as 40 percent. Because these levels of inflation are so unprecedented, small businesses did not have an opportunity to budget for these kinds of costs, and right now, the only certainty they have is that their costs will continue to rise. At the end of the day, these costs are placed back on the customer — which is, in many cases for AIA members, the U.S. government.

Defense sector supply chain businesses on the front lines of protecting the country face this challenge daily. Their businesses make everything from the parts in fighter jets to aircraft carriers. Our industry will not be able to produce the number of items the Pentagon needs if inflation is not addressed and will unfortunately cause more small businesses to leave the defense industrial base. Businesses cannot assume all of the financial risk — so they choose not to bid for contracts, fixed-price or otherwise, at all.

Completing full-year appropriations must be Congress' top priority now. Continuing resolutions extend outdated funding levels that do not address inflationary growth, and a shutdown is even more harmful to businesses in the aerospace and defense supply chain. As Congress looks to fund the federal government for the full 2024 fiscal year, we strongly support the additional funds provided in the Senate Defense

Appropriations bill to address inflation and urge you to include this as part of any final appropriations legislation.

We appreciate your attention to this pressing issue and look forward to working with you to find a path forward soon.

Sincerely,

8tree LLC
Rancho Cucamonga, California

Click Bond, Inc.
Carson City, Nevada

Precision Gear, Inc.
College Point, New York

AAR Corporation
Wood Dale, Illinois

Cox Machine, Inc.
Wichita, Kansas

Rocker Industries
Huntington Beach, California

Acutec Precision Aerospace, Inc.
Meadville, Pennsylvania

CPI Aerostructures
Edgewood, New York

SeaCast, Inc.
Marysville, Washington

ADI American Distributors, Inc.
Neenah, Wisconsin

Dayton T. Brown, Inc.
Bohemia, New York

Special Aerospace Services, LLC
Boulder, Colorado

Aero-Mark, LLC
Ontario, California

Exiger
Loveland, Ohio

Spright
Gilbert, Arizona

Airex Rubber Products Corporation
Portland, Connecticut

GSE Dynamics, Inc.
Hauppague, New York

The Acutronic Group
Pittsburgh, Pennsylvania

Andrews Aerospace
Fort Worth, Texas

Hughes Bros. Aircrafters, Inc.
South Gate, California

Therm, Inc.
Ithaca, New York

Athena Manufacturing, LP
Austin, Texas

IERUS Technologies
Huntsville, Alabama

Tomi Engineering, Inc.
Santa Ana, California

Bauer, Inc.
Bristol, Connecticut

InterConnect Wiring
Fort Worth, Texas

Verify, Inc.
Irvine, California

Blue Raven Solutions
Morristown, New Jersey

Ivis Technologies, LLC
Phoenix, Arizona

Weldaloy Specialty Forgings
Warren, Michigan

Chicago Precision, Inc.
Elk Grove Village, Illinois

LAI International LLC
South Westminster, Maryland