

Mr. Chair and members of the committee, thank you for your time and your service. I am Ian MacFarlane, CEO & Chair of EA Engineering, Science, and Technology, an environmental consulting firm headquartered in Hunt Valley with 600 employees nationally of which 40%, including 'back office' headquarters staff work out of Maryland offices (Hunt Valley, Ocean Pines, Abingdon). [I am also the former Chair of the Maryland Higher Education Commission, MHEC, appointed to the board in 2012 and retiring as Chair in 2020.] EA serves government and industry with scientific consulting and engineering, and example Maryland agency clients include SHA, MES, MPA, and MAA. EA was founded in 1973 by a JHU professor, and after a stint as a publicly traded company, has remained independent, that is resisting offers to be bought out by non-Maryland firms, by going private, gravitating to employee ownership. We became a partial ESOP in 2005, then went 100% ESOP, and legal benefit corporation, in 2014- so we are very keen on providing value to all our stakeholders, which include our employees, the clients we serve, and local communities.

I am living 'the dream' as an employee-owned firm leader, as our employees, being owners too, care deeply about doing well as a business, doing top quality work for our clients, and truly being part of the community. What leader wouldn't want that? An ESOP culture makes for a very healthy, collaborative, and caring work environment and fair treatment of our stakeholders. We believe ESOPs and employee owned firms should be promoted by State policy because they not only make great business partners for us, they are good for Maryland citizens, good for Maryland's economy, and good for the nation.

Good for Maryland's citizens because ESOP-owned firms focus on building retirement wealth. And I mean focus. This is a main goal of the firm, to assure our employee-owners have sufficient retirement wealth to live well in their communities. EA's stock growth as an ESOP (with employees as owners) has been about double the S&P 500. Employee-owners of ESOPs also experience greater continuity and certainty of employment. We are long-term focused, and lay-off reluctantly. ESOPs have done comparatively very well (survival, growth, retention of employees) over the Great Recession and COVID Pandemic relative to conventionally owned firms. To sum up in one metric about the employment relationship, EA's employee tenure is over double that of our industry in general, with significantly less employee turnover and a competitive advantage at attracting professional employee candidates. Further, ESOP management and employees work hard at making fellow employees' jobs meaningful, in part because we are doing this for ourselves....we strive to develop employee satisfaction and engagement, which leads to greater fulfillment, which leads to better health and well-being, less stress, and more productivity. It's a wonderful virtuous cycle. EA's employee engagement is about triple the engagement of average U.S. workers, with envious safety performance.

Good for Maryland's economy because ESOPs promote independence, which for Maryland means keeping firms headquartered here at home. Similarly, for the US, it means keeping equity ownership and the workforce patriated, and directly counteracting our society's growing wealth disparity. Maryland could have lost EA's 60 or so income-tax-paying corporate positions, and perhaps more, if EA had not gone ESOP to retain independence. Also good for our economy because ESOPs breed collective entrepreneurship and quality work. A collective

ownership culture enhances innovation and empowers employee-owners to improve the organization, and value allocation to its stakeholders, in myriad ways. On service quality, I would compare EA's client ratings, and those of our fellow ESOP firms, to anyone's in our industry. As a citizen, I'd be proud to enhance Maryland's wealth-building, wealth-equality, innovation, and high-quality brands with more ESOP firms. Speaking of other ESOP firms...5 of the 150 largest US engineering design firms are Maryland based; 3 of those 5, including EA, are 100% ESOPs. ESOPs are making a difference in Maryland, and we believe all efforts should be made to promote more forming, such as through the subject legislation, and their future growth, for instance through procurement preferences.

In closing, thank you, and please consider this legislation favorably.
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Ian D. MacFarlane, President, CEO, & Chair



225 Schilling Circle, Suite 400

Hunt Valley, MD 21031

direct: (410)527-2452

cell: (410)409-5266

fax: (410)771-1812

EA [website](#), My [Biography](#)

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