

MARC KORMAN
Legislative District 16
Montgomery County

Appropriations Committee

Subcommittees

Capital Budget

Chair, Transportation and the
Environment

Oversight Committee on Personnel



The Maryland House of Delegates
6 Bladen Street, Room 210
Annapolis, Maryland 21401
410-841-3649 · 301-858-3649
800-492-7122 Ext. 3649
Marc.Korman@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Maryland Environmental Service Reform Act (HB 2)

Testimony of Delegate Marc Korman—Favorable With Amendments

Thank you Madam Chair, Mr. Vice Chair, and my colleagues on the Appropriations Committee, as well as our guests from the Environment & Transportation Committee. I come before you today to discuss the Maryland Environmental Service Reform Act (HB 2). The legislation institutes reforms to address a systemic culture of waste, fraud and abuse at the Maryland Environmental Service (MES) which was brought to light in the summer of 2020 following the departure of former MES Director Roy McGrath.

As a brief reminder, Mr. McGrath was given a massive severance package after he resigned as Director of MES to become Governor Hogan's Chief of Staff. There was no precedent for such a severance given that Mr. McGrath was moving from one state entity to another. A subsequent investigation by the Maryland General Assembly uncovered numerous instances of Mr. McGrath enriching himself through his work for the Maryland government. This included lavish national and international travel, frivolous spending for which he sought unprecedented levels of reimbursement, participation in courses far in excess of MES's tuition reimbursement policy, and other violations of the public trust.

The MES Reform Act would reform the agency to prevent a reoccurrence of the behavior exhibited during Mr. McGrath's tenure. The reforms in the bill are detailed in the accompanying fact sheet but cover several major areas:

1. **Board Structure and Role:** The current Board includes the Director and the Director's own appointees. The restructuring would make the Board independent of the Director. All of the members would be appointed by the Governor with the exception of the addition of the State Treasurer, a suggestion first put forth by the Governor. It would also require Board members to act with the same standard of care as boards of independent businesses are required to do.
2. **Spending Oversight:** Certain MES administrative expenditures would be subject to Board of Public Works review and more of MES's other expenditures would be subject to a Board vote.

3. Reformed Policies: The Board is required to adopt or re-adopt and submit for oversight purposes policies on severance; reimbursements; bonuses; travel and so on. I appreciate that MES has already begun to take a look at these issues. There are also requirements related to training and diversity.
4. Labor: This is actually a piece of clean-up for legislation we advanced in 2016 authored by Delegate Young to expand collective bargaining to MES and ensures that law can be carried out.

Additionally, Senator McCray and I have drafted an amendment we would ask the committees to adopt that would:

- Alter the title from “Director” to “Executive Director” to address concerns that were raised regarding the existing title
- Increase from \$25,000 to \$125,000 the spending amount required for Board approval.
- Mandate that the Executive director must conduct a reasonable advertising, search and competitive interview process for all open positions.
- Add experience in environmental management to list of qualifications for public and private sector board appointees.
- Tighten the claw-back language to make it clear that if a person starts a new position in state government within one year, they also need to return their severance.

In September, Governor Hogan sent a letter to the presiding officers discussing potential reforms to MES. The letter outlined three potential options: (1) Substantial Changes to Governing Structure and Oversight Capability; (2) Restore MES as a State Agency; and (3) Make MES completely private. This legislation—as well as the Governor’s bill—goes with option one. We did that because the feedback we received, particularly from the local government end users of MES, is that it does a lot of good. We do not want to throw the baby out with the bathwater.

The Maryland Environmental Service Reform Act makes vital reforms to restore public trust in an agency marred by scandal and ensures that MES is held accountable for how they spend the taxpayer dollars of Marylanders in the interest of the state. I look forward to working with you to advance this bipartisan issue of MES reform.