

**Mill and Elevator Association
Budget No. 475
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	156.00	\$0	\$88,377,209	\$88,377,209
2021-23 base budget	156.00	0	76,994,824	76,994,824
Legislative increase (decrease) to base budget	0.00	\$0	\$11,382,385	\$11,382,385

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes, including salary and benefit increases			\$2,360,168	\$2,360,168
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			7,457	7,457
Increased funding for overtime			1,744,760	1,744,760
Increased funding for operating expenses, primarily related to insurance and repairs			3,680,000	3,680,000
Added funding for mill capacity increases, primarily related to utilities and supplies			3,300,000	3,300,000
Increased funding for agriculture promotion			290,000	290,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$11,382,385</u>	<u>\$11,382,358</u>

FTE Changes

The Legislative Assembly approved 156 FTE positions for the Mill and Elevator Association for the 2021-23 biennium, the same as the 2019-21 biennium.

Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$116,690 of federal coronavirus relief funds to the Mill and Elevator Association for the 2019-21 biennium for overtime salaries, cleaning supplies, personal protective equipment, and freight costs.

Gain-Sharing Program

The gain-sharing program was implemented in 1990 with the primary goal of incentivizing employees to maximize profits and production through teamwork while maintaining a safe working environment. Each year, the Industrial Commission reviews and approves the criteria for the program. The following schedule provides information on the Mill and Elevator Association's profits and the gain-sharing program from fiscal year 2010 to fiscal year 2020:

	Profits (Losses)¹	Gain-Sharing Payout to Employees	Gain-Sharing as a Percentage of Employees' Wages
2009-11 biennium - Fiscal year 2010	\$13,179,910	\$1,201,974	18.65%
2009-11 biennium - Fiscal year 2011	\$16,088,024	\$1,496,513	21.90%
2011-13 biennium - Fiscal year 2012	\$8,048,398	\$970,081	13.26%
2011-13 biennium - Fiscal year 2013	\$11,907,227	\$1,300,138	17.52%
2013-15 biennium - Fiscal year 2014	\$13,351,343	\$1,389,214	18.09%
2013-15 biennium - Fiscal year 2015	\$16,675,348	\$1,805,863	21.84%
2015-17 biennium - Fiscal year 2016	\$9,336,618	\$1,274,309	14.86%
2015-17 biennium - Fiscal year 2017	\$9,719,163	\$1,487,019	15.50%
2017-19 biennium - Fiscal year 2018	\$14,188,276	\$2,191,199	20.82%
2017-19 biennium - Fiscal year 2019	\$10,622,211	\$1,670,277	15.63%
2019-21 biennium - Fiscal year 2020	\$11,418,612	\$2,016,447	18.99%

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

Major Expansion and Renovation Projects

The Mill and Elevator Association regularly undertakes various capital projects that are financed through a line of credit at the Bank of North Dakota. The repayments are deducted prior to determining the Mill and Elevator Association's profits. The schedule below provides information on major expansion and renovation projects:

Fiscal Year	Project Description	Cost
2007	Constructed a new C mill to increase spring wheat milling capacity	\$6.3 million
2009	Constructed a new E mill resulting in a production capacity increase of 1,000 hundredweights (cwt) per day of spring wheat	\$2.4 million
2010	Expanded the D mill resulting in a production capacity increase of 1,000 cwt per day of durum wheat	\$2.4 million
2013	Three phase renovation and expansion of the K mill	\$8.4 million
2015	Construction of a new G mill and additional flour storage	\$38.7 million
2016	Constructed a high-speed truck and rail unloading system to receive wheat	\$9.3 million
2018	Phase 2 high-speed rail unloading system and increased grain storage	\$24.7 million
Under construction	Terminal receiving scales and conveyors	\$8.5 million
Under construction	Construction of new H and I mills to increase spring wheat capacity by 8,000 cwt per day and durum wheat capacity by 3,000 cwt per day	\$23.5 million
Potential future projects	Increase whole wheat milling capacity (\$3 million); flour and millfeed distribution system (\$15 million)	\$18 million

Profits and Transfers of Profits

Beginning in the 2009-11 biennium, 5 percent of the Mill and Elevator Association's annual profits are transferred to the agricultural products utilization fund and 50 percent of the remaining annual profits are transferred to the general fund pursuant to North Dakota Century Code Sections 54-18-19 and 54-18-21. The 2013 Legislative Assembly limited the transfers from the Mill and Elevator Association's profits to the general fund to \$6,817,200 for the 2013-15 biennium. Section 20 of Senate Bill No. 2014 (2017) increased the transfer of annual profits to the general fund from 50 to 75 percent, and pursuant to the expiration date in Section 32 of the bill, the increase was effective only for the 2017-19 biennium.

The following schedule provides information on the Mill and Elevator Association's profits and the transfer of profits to state funds from the 2009-11 biennium to the 2021-23 biennium:

	Profits (Losses)¹	Transfers to State Funds
2009-11 biennium	\$29,267,934	\$15,365,665
2011-13 biennium	\$19,955,625	\$10,506,703
2013-15 biennium	\$30,026,691	\$8,318,534
2015-17 biennium	\$19,055,782	\$10,004,285
2017-19 biennium	\$24,810,487	\$18,917,997
2019-21 biennium (estimated)	\$26,100,000	\$12,100,000
2021-23 biennium (estimated)	\$37,000,000	\$17,100,000

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.