

**Mill and Elevator Association  
Budget No. 475  
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
<b>2023-25 legislative appropriations</b>	<b>170.00</b>	<b>\$0</b>	<b>\$97,242,033</b>	<b>\$97,242,033</b>
2023-25 base budget	156.00	0	88,377,209	88,377,209
Legislative increase (decrease) to base budget	14.00	\$0	\$8,864,824	\$8,864,824

**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:				
Adjusted funding for base payroll changes			\$198,797	\$198,797
Provided funding for salary increases subject to union negotiations			2,723,414	2,723,414
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			771,600	771,600
Added new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332
Increased funding for overtime to provide total funding of \$11,434,121			1,352,923	1,352,923
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(4,123,895)	(4,123,895)
Increased funding for operating expenses for inflationary costs and mill capacity growth, primarily related to utilities, supplies, insurance, and repairs			5,569,550	5,569,550
Added funding for Information Technology Department rate increases			5,103	5,103
<b>Total</b>	<b>14.00</b>	<b>\$0</b>	<b>\$8,864,824</b>	<b>\$8,864,824</b>

**FTE Changes**

The Legislative Assembly approved 170 FTE positions for the Mill and Elevator Association for the 2023-25 biennium, an increase of 14 FTE positions from the 2021-23 biennium authorized level of 156 FTE positions. The Legislative Assembly approved 14 undesignated FTE positions for increased milling capacity.

### 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 2012 to fiscal year 2022:

	Profits (Losses) <sup>1</sup>	Gain-Sharing Payout to Employees	Gain-Sharing as a Percentage of Employees' Wages
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%
2019-21 biennium - Fiscal year 2021	\$13,460,320	\$2,742,209	24.62%
2021-23 biennium - Fiscal year 2022	\$14,677,789	\$2,764,190	22.47%

<sup>1</sup>The amounts shown for profits and losses reflect the Mill and Elevator Association's profits after any gain-sharing payouts but before any 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 and loans 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
2020	Terminal receiving scales and conveyors	\$8.5 million
2021	Automated flour packing system	\$4.7 million
2022	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	\$24.5 million
Under construction	Phase 1 wheat middlings storage and handling facility	\$34 million
Potential future projects	Phase 2 wheat middlings storage and handling facility (\$8 million); Phase 3 wheat middlings storage and handling facility (\$7 million); Durum wheat truck loading bins (\$4 million); Increase whole wheat milling capacity (\$3 million)	\$22 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 2011-13 biennium to the 2023-25 biennium:

	<b>Profits (Losses)<sup>1</sup></b>	<b>Transfers to State Funds</b>
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	\$24,878,932	\$13,061,439
2021-23 biennium (estimated)	\$30,250,000	\$15,400,000
2023-25 biennium (estimated)	\$30,250,000	\$15,400,000

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

#### **Related Legislation**

**Senate Bill No. 2015 (2023) - Funding pools** - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$168,887 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.