

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	153.00	\$0	\$68,213,519	\$68,213,519
2017-19 base budget	147.00	0	64,315,898	64,315,898
Legislative increase (decrease) to base budget	6.00	\$0	\$3,897,621	\$3,897,621

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$2,539,491	\$2,539,491
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			406,160	406,160
Added funding for 6 FTE positions.	6.00		768,893	7,68,893
Reduced funding for salaries and wages, primarily related to overtime.			(684,923)	(684,923)
Added funding for operating expenses related to utilities, supplies, and repairs.			868,000	868,000
Total	6.00	\$0	\$3,897,621	\$3,897,621

FTE Changes

The Legislative Assembly approved 153 FTE positions for the Mill and Elevator Association for the 2017-19 biennium, an increase of 6 FTE positions from the 2015-17 biennium authorized level of 147 FTE positions. The Legislative Assembly added 2 FTE grain handling positions, 2 FTE food safety positions, 1 FTE flour packer position, and 1 FTE utility worker position.

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. Section 30 of Senate Bill No. 2014 requires the Industrial Commission and Mill and Elevator Association to study the gain-sharing program during the 2017-18 interim and to report its findings to the Legislative Management.

The following schedule provides information on the Mill and Elevator Association's profits and the gain-sharing program from fiscal year 2006 to fiscal year 2016:

	Profits (Losses)¹	Gain-Sharing Payout to Employees	Gain-Sharing as a Percentage of Employees' Wages
2005-07 biennium - Fiscal year 2006	\$6,225,560	\$574,623	10.95%
2005-07 biennium - Fiscal year 2007	\$5,114,465	\$549,349	9.81%
2007-09 biennium - Fiscal year 2008	(\$821,607)	\$0	0%
2007-09 biennium - Fiscal year 2009	(\$9,697,054)	\$0	0%
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%

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
2005	Replaced the whole-wheat mill	\$1.7 million
2007	Constructed a new C mill to increase spring wheat milling capacity	\$6.3 million
2010	Constructed a new E mill resulting in a production capacity increase of 1,000 cwt per day of spring wheat and 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 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
Potential future projects	Increase packaging capacity (\$1.5 million); increase whole wheat milling capacity (\$2.5 million); increase durum wheat milling capacity (\$3.5 million); Phase 2 unloading project (\$9.5 million); and increase wheat storage capacity (\$9.5 million)	\$26.5 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 state 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) increases 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 is 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 2005-07 biennium to the 2017-19 biennium:

	Profits (Losses)¹	Transfers to State Funds
2005-07 biennium	\$11,340,025	\$5,200,000
2007-09 biennium	(\$10,518,661)	\$0
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 (estimated)	\$19,336,619	\$9,184,894
2017-19 biennium (estimated)	\$26,058,392	\$18,566,604

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.

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.