

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>21-6049/1</b>	<b>Introduction Number</b> <b>AB-1060</b>
<b>Description</b> participants in clinical research trials	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue              5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS    20.445 (1) (n)	
<b>Agency/Prepared By</b> DWD/ Andrew Evenson (608) 266-1756	<b>Authorized Signature</b> Danielle Williams (608) 266-2284
<b>Date</b> 2/28/2022	

## Fiscal Estimate Narratives

DWD 2/28/2022

LRB Number	21-6049/1	Introduction Number	AB-1060	Estimate Type	Original
<b>Description</b> participants in clinical research trials					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates language in the worker's compensation and minimum wage statutes providing that those individuals who participate in clinical research trials and receive remuneration, stipends, or compensation for that participation, are independent contractors and not employees of the entities conducting the trials. The bill also creates language in the unemployment insurance (UI) statutes, stating that clinical research trial participation is not considered covered employment. This UI provision means that entities conducting clinical research trials would not be subject to UI contribution requirements for payments made to research trial participants. Additionally, remunerations, stipends, or compensation paid to participants would not be counted as base period wages for the purpose of determining their eligibility for UI benefits.

The bill is estimated to have an indeterminate effect on costs for UI operations and is estimated to decrease the UI Trust Fund balance by \$2.8 million annually due to a reduction in UI tax contributions. The assumptions used to determine the bill's fiscal effect are described below.

Regarding operations, this bill would increase operations costs, but these costs are estimated to be minor and absorbable. These costs would be from activities to inform staff and employers about the law change, revise DWD Administrative Rule Chapter 103 relating to the definition of "employment" as it applies to unemployment insurance and update IT systems to exclude clinical trial participation as employment in WC and UI systems.

This bill could also decrease funding for program operations, due to potential conformity issues between the proposed state law and federal law in regard to non-profit employers. Having non-conformity between state and federal law may put UI at risk for "conformity proceedings" from DOL that can delay receipt of UI federal administrative grant funding, until such time that the issue is resolved. The department's base federal UI administration grant is approximately \$57 million annually. Due to DOL regulations concerning grant fund utilization requirements, and the manner in which DOL allocates base grant funding, a delay of federal administrative grant funding could have a negative fiscal effect for the department, but the magnitude is indeterminate at this time.

Regarding the UI Trust Fund, employers likely to have clinical research subjects reported as employees to unemployment insurance were identified. These employers' UI tax contributions for these clinical research subjects averaged \$2.8 million annually between 2018 and 2021. No benefits were charged against these accounts. Under this bill employers would stop making these contributions and Trust Fund revenues would decrease by an estimated \$2.8 million annually.

### Long-Range Fiscal Implications