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Testimony on Assembly Bill 1060

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Chairman Oldenburg, Vice-Chair Rozar, Ranking Member Vining and other honorable Members of the Assembly Committee on Small Business Development, thank you for the opportunity to testify on Assembly Bill 1060 today. I am pleased to have authored this legislation with Senator Duey Stroebel to clarify that an individual who receives a stipend, remuneration, or compensation for participating in a clinical research trial is not considered an employee of the business who is conducting the trial.

Healthcare institutions, academic institutions, and private contract research organizations conduct clinical trials in human volunteers. In early stage research, these organizations recruit normal, healthy individuals to participate in the trials. In the later stage research, these groups recruit individuals with a specific condition or disease to participate in those studies in order to test the efficacy of the new product.

Spaulding Clinical, based in West Bend, is a private, contract research organization who, among other services, conducts early stage research trials for pharmaceutical or biotech sponsors/clients. Their typical volunteers/patients are younger individuals, usually anywhere from college-aged to 40 years old. Most of their studies require an overnight stay and the average stay is 3-4 nights.

I was made aware of the issue of the classification of clinical research trial participants (participants) recently and was surprised to learn that the Wisconsin Department of Workforce Development believes participants in clinical research trials are employees and not independent contractors.

I could not imagine a scenario in which someone who, in my readings of this issue, is clearly an independent contractor would receive unemployment insurance based on their participation of the study. We need to ensure that this misunderstanding does not happen again by clearly codifying what clinical research trial participants are with respect to the minimum wage law, workers compensation law, and unemployment insurance law and Assembly Bill 1060 does just that.

The requirements of the agreement with clients (the biotech and pharmaceutical companies) prohibit contract research organizations, such as Spaulding, from using employees for clinical trials due to the conflict of interest it would create. By allowing participants to be classified as employees, it puts clinical research organizations in Wisconsin at a disadvantage with similar entities outside of Wisconsin's borders. This is especially noteworthy given that Madison has recently become a preferred destination for the biotech industry.

Participants should not be able to seek compensation through Wisconsin's unemployment insurance fund because the trials are temporary, and the individuals are aware of that before they begin. Once the trials are completed, the participants depart. If individuals who request to participate in the trial are not accepted, it is due to not meeting requirements. Both of these scenarios do not allow any opportunity to collect money for Unemployment Insurance.

While I do recognize there are differences, the process of participating in clinical trials is similar to donating plasma. We appreciate the sacrifice these individuals make in order to help others, but we would not allow them to collect unemployment between donations.

The lawmakers of this body all share a common goal, which is to see Wisconsin at its very best. We all would like to see business investments in America's Dairyland from new businesses. Wisconsin is quickly becoming home to an increasingly expanding biotech sector. I want ensure that we continue to receive investment in that sector and see Wisconsinites participate in life changing medical advancements, which is why I am happy to discuss this bill with the Committee today.

Thank you again for the opportunity to testify on Assembly Bill 1060.