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The Nebraska Healthy Families and Workplaces Act

On November 5, 2024, Nebraska voters approved Initiative 436, also known as, the Nebraska Healthy Families and Workplaces Act (the “Act”). On May 28, 2025, the Nebraska Legislature passed LB 415, which clarifies and amends the Act. Employers should be aware of the changes made by LB 415 and begin preparing to comply with the Act as amended.

The Act requires that all eligible employees accrue at least one hour of paid sick time for every thirty hours worked beginning October 1, 2025. Unless an employer voluntarily sets a higher limit, employees may earn and use up to 40 hours of paid sick time per year if employed by a small business, and up to 56 hours annually if employed by a larger employer. Employers must allow employees to use this accrued time for personal illness or injury, medical appointments, care of family members with similar health needs, school meetings related to a child's health condition, or absences related to public health emergencies.

As amended, the Act includes the following key provisions:

1. Coverage Threshold

The Act originally applied to all employers with one or more employees. LB 415 raises this threshold to eleven or more employees, meaning that employers with fewer than eleven employees are exempt from paid sick leave requirements. Growing businesses approaching the eleven-employee threshold should carefully monitor their headcount, as crossing this threshold will trigger compliance obligations.

LB 415 redefines a small business as an employer with at least eleven but fewer than twenty employees.

The definition of “employer” does not include the United States government, the State of Nebraska, or their respective agencies, departments, or political subdivisions, all of which remain exempt from the Act’s requirements.

2. Exclusion from Coverage

The earlier version of the Act included only two exemptions: individuals who work in Nebraska for fewer than 80 hours in a calendar year, and employees covered by the federal Railroad Unemployment Insurance Act. LB 415 expands employee exclusions beyond the original law to include individual owner-operators, independent contractors, agricultural workers of a seasonal or temporary nature, and individuals under sixteen years of age. Employer misclassification of workers as independent contractors to avoid compliance could lead to significant legal exposure. Employers should ensure worker classifications are legally sound before excluding workers from paid sick leave benefits.

LB 415 clarifies that for employees paid on a commission, piece-rate, mileage, or fee-for-service basis, the hourly rate paid during paid sick leave is determined by the employer using the average weekly rate calculation under section 48-126, reduced to an hourly rate based on a forty-hour week. Employers should pay close attention to these calculations to comply with the Act.

3. Accrual Requirements

Under LB 415, employees begin accruing paid sick time only after completing 80 hours of consecutive employment. The accrual rate remains at one hour of paid sick time for every 30 hours worked.

4. Prior Sick Leave Credit

LB 415 allows employers to count paid sick time provided between January 1, 2025, and September 30, 2025, toward their obligations under the Act for calendar year 2025. Employers should review leave records for 2025 to identify which employees have already received paid sick leave that can be credited toward the new obligations.

5. Employers with Existing Paid Leave Policy

Employers with paid leave policies that meet or exceed the requirements of the Act and allow the leave to be used for the same purposes and under the same conditions as provided in the Act are not required to provide additional paid sick time. LB 415 specifies that such employers are not obligated to allow an employee to accrue or carry over benefits beyond the employer's existing paid leave policy.

This change gives employers flexibility to maintain existing policies that employees value, while also potentially reducing administrative costs by avoiding duplicate leave systems. Employers should review their current leave policies to determine if they already meet or exceed the Act's requirements and ensure alignment with the specific provisions of the Act.

6. Enforcement Changes

LB 415 eliminates the private right of action that would have previously allowed employees to sue employers directly for violations. Instead, enforcement authority now rests primarily with the Nebraska Department of Labor. While the ability to file lawsuits is removed, the Act retains significant enforcement mechanisms: \$500 for the first violation and \$5,000 for subsequent violations. Additionally, non-compliant employers may be barred from state contracts until citations are paid.

7. Separation from Employment

LB 415 explicitly states that employers are not required to pay out unused paid sick time when an employee separates from employment. This allows for a simplified termination process without the need to calculate sick leave payouts. However, if a separated employee is rehired within 12 months, any previously accrued but unused and unpaid paid sick time must be reinstated. Employers should maintain records of accrued leave for at least 12 months after separation.

8. Requirement to Track and Report

Employers are required to record and report to employees:

- Amount of paid sick time available;
- Amount of paid sick time taken to date in the year; and
- Amount of pay received as paid sick time

Employers should create and maintain systems to accurately track accrual, usage, and balances in order to meet the requirements. Payroll systems may require updates to include this information on or with paychecks.

9. Notice Requirement

Employers must provide written notice about paid sick leave rights to:

- New employees at the start of employment; and
- Existing employees by September 15, 2025

Employers should update onboarding materials and employee handbooks, obtain and display appropriate posters, and obtain translation for multilingual workforces to comply. The Nebraska Department of Labor will create model notices and posters. Employers should monitor the Nebraska Department of Labor's website for these resources rather than creating their own, which may inadvertently omit required information.

Key Takeaways

While LB 415 has narrowed the scope of the Act, covered employers have compliance obligations.

Preparing early and planning for compliance with the Act is essential to avoid penalties and potential enforcement actions by the Nebraska Department of Labor. Proactive adherence also supports smoother transitions, reduces administrative burden, and helps maintain positive employee relations.

For more information, please reach out to [Lily Amare](#) or another member of Cline Williams' Labor and Employment Law Section at www.clinewilliams.com.

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