



Oregon

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Public Employees Retirement System

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September 26, 2025

TO: Members of the PERS Board

FROM: Anne Marie Vu, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Notice of Rulemaking to Implement Changes Made Under Senate Bill 851 (2025)
Relating to "Major Fraction of a Month"

OAR 459-005-0015 *Leave of Absence without pay*

OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*

OAR 459-075-0150 *Retirement Credit (in OPSRP Program)*

OVERVIEW

- Action: None. This is notice that staff have begun rulemaking.
- Reason: Update rules to implement new 2025 legislative changes relating to "major fraction of a month."
- Policy Issue: None identified.

BACKGROUND

During the 2025 legislative session, the Oregon Legislature passed Senate Bill 851, a PERS sponsored bill relating to the administration of account data for PERS members. "Creditable service," as used in Oregon Revised Statutes (ORS) Chapter 238, or "retirement credit," as used in Oregon Revised Statutes (ORS) Chapter 238A, is one of the three factors used to calculate a PERS member's retirement benefits (hereinafter "creditable service" for simplicity). The bill made changes to several statutory provisions that relate to how PERS members accrue creditable service during partial months of employment. Prior to the passage of SB 851, PERS statutes allowed members to accrue creditable service during a partial month of employment if the employee was employed for the "major fraction of a month" (or "major fraction of each month"). However, the term was not defined, and historically, there was confusion and inconsistency with its administration.

The bill defines "major fraction of a month"/"major fraction of each month," as a month in which an active member: (1) is employed for more than half of the total calendar days in that calendar month, and (2) is paid salary by a participating public employer for hours worked in that calendar month. Under PERS administration, this means that an active member will accrue creditable service for each month in which they are employed for more than half of the month,

and receive salary based upon hours worked (or paid leave hours used) during that month, unless they are on an official leave of absence without pay for more than half of the month.

The proposed rule modifications reflect these changes. Other small changes are made for housekeeping purposes.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 2025, at 5:00 p.m.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for adoption.

IMPACT

Mandatory: Yes.

Benefit: Updates multiple rules to conform with legislative changes.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

September 23, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
October 1, 2025:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.
September 26, 2025:	PERS Board notified that staff began the rulemaking process.
October 28, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
October 31, 2025:	Public comment period ends at 5:00 p.m.
December 5, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

A rulemaking hearing will be held remotely, and in person, on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 2025, at 5:00 p.m.

- B.2.b Attachment 1 – OAR 459-005-0015 *Leave of Absence without pay*
- B.2.b Attachment 2 – OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*
- B.2.b Attachment 3 – OAR 459-075-0150 *Retirement Credit*