valuations for December 31, 2009 indicated the need for increased employer contributions beginning July 1, 2011. The required additional increases from the General Fund amounted to $248.1 million for the Teachers' and State Employees' Retirement System, $6.8 million for the Consolidated Judicial Retirement System and $4.3 million for the Firemen's and Rescue Squad Workers' Pension Fund. The General Assembly directed the Board of Trustees to adopt a 12 year liquidation period thus extending the liquidation period from the 9 year period enacted in 1996.

The General Assembly enacted the following additional recurring General Fund and Highway Fund appropriations to the various retirement systems or funds:

State Appropriations (Recurring)	FY 2011-12	FY 2012-13
General Fund for TSERS[1]	248,100,000	336,000,000
Highway Fund for TSERS[1]	11,200,000	15,100,000
General Fund for FRSWP[2]	4,318,042	5,366,928
General Fund for CJRS[3]	6,800,000	7,800,000
TOTAL	**$270,418,042**	**$364,266,928**

[1] Teachers' and State Employees' Retirement System
[2] Firemen's and Rescue Squad Workers' Pension Fund
[3] Consolidated Judicial Retirement System

The amount of budgeted receipts of employing agencies used to pay employer contributions to the retirement system for receipt-funded positions may be increased to pay the additional employer contributions authorized by the General Assembly.

Other Legislation

State Pension Solvency Act

S.L. 2011-232 (House Bill 927) increases the vesting period to qualify for benefits from five years of service to ten years of service. This change applies only to individuals who become members of the Teachers' and State Employees' Retirement System on or after August 1, 2011. This act also makes it a misdemeanor for anyone to fraudulently receive a deceased retiree's retirement benefits from any State retirement system more than two months after a retiree's death.

State Health Plan for Teachers and State Employees

The State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement. As of May 2011, enrollment in the Plan was 664,218 Plan members. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, and (3) employees and retirees who elect dependent coverage. Total requirements for the Plan were projected to be $2.7 billion for FY 2010-11.

The General Assembly enacted Session Laws 2011-85 (Senate Bill 323) and 2011-96 (House Bill 578) to address the Plan's projected financial needs for the 2011-13 biennium. The summarized changes enacted by the General Assembly are listed below:

- Establishes employee and retiree premiums for employee-only coverage in the Standard 80/20 Plan; while premiums were also established for actives in the Basic 70/30 Plan, Session Law 2011-96 authorized the Plan to offer the Basic Plan with no premium;
- Authorizes a 5.3% annual increase in each fiscal year of the biennium in premium rates charged by the Plan for dependent coverage;
- Makes General Fund appropriations of $109.3 million for the 2011-13 biennium;
- Reduces Plan benefits by increasing plan member out-of-pocket requirements for certain medical benefits and prescription drugs;
- Repeals the "Comprehensive Wellness Initiative", implemented in 2009 to focus on smoking cessation and weight management efforts; and
- Transfers control of administration, benefit design, and setting Plan member premium contributions to the State Treasurer and Board of Trustees.

Additional information on these changes is described below under the related headings.