UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

<TABLE>
<C> <S>

/X/	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

</TABLE>

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

OR

<TABLE>
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/ /	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

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COMMISSION FILE NUMBER 1-12997

MAXIMUS, INC.
(Exact Name of Registrant as Specified in Its Charter)

<TABLE>
<S> <C>

VIRGINIA	54-1000588
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
11419 SUNSET HILLS ROAD RESTON, VIRGINIA	20190
(Address of Principal Executive Offices)	(Zip Code)

</TABLE>

Registrant's Telephone Number, Including Area Code: (703) 251-8500

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

<TABLE>
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Class	Outstanding at May 11, 2001
Common Shares, no par value	21,401,363

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MAXIMUS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2001
INDEX

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THROUGHOUT THIS QUARTERLY REPORT ON FORM 10-Q, THE TERMS "WE," "US," "OUR" AND "MAXIMUS" REFER TO MAXIMUS, INC. AND ITS SUBSIDIARIES.

MAXIMUS, INC.
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

<TABLE>
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<S>	SEPTEMBER 30, 2000 <C>	MARCH 31, 2001 (UNAUDITED) <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,975	$ 46,994
Marketable securities	1,359	1,350
Accounts receivable, net	102,500	94,371
Costs and estimated earnings in excess of billings	27,264	37,057
Prepaid expenses and other current assets	6,344	6,505
Total current assets	174,442	186,277
Property and equipment at cost:		
Land	2,462	2,462
Building and improvements	9,484	10,608
Office furniture and equipment	14,264	15,352
Leasehold improvements	848	897
	27,058	29,319
Less: Accumulated depreciation and amortization	(8,754)	(10,020)
Total property and equipment, net	18,304	19,299
Software development costs	7,883	11,629
Less: Accumulated amortization	(703)	(963)
Total software development, net	7,180	10,666
Deferred income taxes	1,402	1,384
Intangible assets, net	52,586	49,815
Other assets	2,989	2,833
Total assets	$256,903	$270,274
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,565	$ 11,976
Accrued compensation and benefits	17,747	16,152
Billings in excess of costs and estimated earnings	15,648	10,710
Notes payable	209	284
Other current liabilities	461	432
Total current liabilities	46,630	39,554
Long-term debt	555	71
Other liabilities	785	582
Total liabilities	47,970	40,207
Shareholders' equity:		
Common stock, no par value; 60,000,000 shares authorized; 21,125,844 and 21,233,805 shares issued and outstanding at September 30, 2000 and March 31, 2001, at stated amount, respectively	133,082	135,680
Accumulated other comprehensive loss	(26)	(13)
Retained earnings	75,877	94,400
Total shareholders' equity	208,933	230,067
Total liabilities and shareholders' equity	$256,903	$270,274

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SEE NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS.

MAXIMUS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
Revenues	$93,501	$120,605	$183,184	$233,521
Cost of revenues	64,249	82,046	126,334	159,300
Gross profit	29,252	38,559	56,850	74,221
Selling, general and administrative expenses	15,281	20,509	30,707	40,260
Amortization of goodwill and other acquisition-related intangibles	371	1,359	645	2,751
Income from operations	13,600	16,691	25,498	31,210
Interest and other income	1,099	166	2,149	454
Income before income taxes	14,699	16,857	27,647	31,664
Provision for income taxes	6,133	6,996	11,421	13,141
Net income	$ 8,566	$ 9,861	$ 16,226	$ 18,523
Earnings per share:				
Basic	$ 0.41	$ 0.46	$ 0.77	$ 0.87
Diluted	$ 0.40	$ 0.45	$ 0.76	$ 0.85
Weighted average shares outstanding:				
Basic	21,036	21,214	21,019	21,179
Diluted	21,535	22,021	21,427	21,804

</TABLE>

SEE NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

MAXIMUS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED MARCH 31,	
	2000	2001
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 16,226	$ 18,523
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,007	4,277
Deferred income taxes	18	(177)
Change in assets and liabilities:		
Accounts receivable, net	(6,884)	8,129
Costs and estimated earnings in excess of billings	(2,520)	(9,792)
Prepaid expenses and other current assets	318	(83)
Other assets	853	(441)
Accounts payable	(2,713)	(589)
Accrued compensation and benefits	(3,338)	(1,595)
Billings in excess of costs and estimated earnings	(5,084)	(4,939)
Income taxes payable	(2,941)	--
Other liabilities	139	(28)
Net cash (used in) provided by operating activities	(3,919)	13,285
CASH FLOWS FROM INVESTING ACTIVITIES:		

Acquisition of businesses, net of acquired cash	(21,514)	--
Purchase price adjustments, net	--	20
Proceeds from notes receivable	81	714
Capitalization of software development costs	(387)	(3,746)
Purchase of property and equipment	(1,564)	(2,261)
Decrease in marketable securities	10,710	21
Net cash used in investing activities	(12,674)	(5,252)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	1,495	2,598
Net payments on borrowings	(38)	(612)
Net cash provided by financing activities	1,457	1,986
Net (decrease) increase in cash and cash equivalents	(15,136)	10,019
Cash and cash equivalents, beginning of period	61,647	36,975
Cash and cash equivalents, end of period	$ 46,511	$ 46,994

</TABLE>

SEE NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS.

MAXIMUS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED MARCH 31, 2001 AND 2000
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

IN THESE NOTES TO UNAUDITED FINANCIAL STATEMENTS, THE TERMS THE "COMPANY" AND "MAXIMUS" REFER TO MAXIMUS, INC. AND ITS SUBSIDIARIES.

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normally recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the three-month and six-month periods ended March 31, 2001 are not necessarily indicative of the results that may be expected for the full fiscal year. These financial statements should be read in conjunction with the audited financial statements as of September 30, 2000 and 1999 and for each of the three years in the period ended September 30, 2000, included in the Company's Annual Report on Form 10-K for the year ended September 30, 2000 (File No. 1-12997) filed with the Securities and Exchange Commission on December 27, 2000.

Certain reclassifications have been made to prior year amounts to conform to current year presentation.

2. IMPACT OF NEW ACCOUNTING PRONOUNCEMENT

In December 1999, the staff of the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS ("SAB 101"). SAB 101 summarizes some of the staff's interpretations of application of generally accepted accounting principles to revenue recognition, including presentation in the consolidated financial statements. The staff provided guidance due, in part, to the large number of revenue recognition issues that it has encountered in registrant filings. The Company is currently evaluating the impact that SAB 101 will have on its financial statements and intends to adopt SAB 101 in the fourth quarter of fiscal 2001.

3. BUSINESS COMBINATIONS

On October 20, 1999, the Company acquired all of the outstanding shares of capital stock of Public Systems, Inc. for $5,000. In conjunction with the purchase, the Company recorded intangible assets of $4,540.

On March 20, 2000, the Company acquired all of the outstanding shares of capital stock of Crawford Consulting, Inc. for $16,750. In conjunction with the purchase, the Company recorded intangible assets of $11,887.

On March 31, 2000, the Company acquired substantially all of the assets of the government services division of 3-G International, Inc. for $7,000, plus an earn-out amount of $1,126 paid by the Company in May 2001 as a result of achievement of certain objectives. In conjunction with the purchase, the Company recorded intangible assets of $7,054, excluding the May 2001 earn-out payment.

On April 12, 2000, Asset Solutions (formerly known as CSI-MAXIMUS, Inc.), a wholly owned subsidiary of the Company, acquired substantially all of the assets of Asset Works, Inc. for $8,613. In conjunction with the purchase, the Company recorded intangible assets of $8,674.

On April 14, 2000, the Company acquired all of the outstanding shares of capital stock of Valuation Resource Management, Inc. for $4,500. In conjunction with the purchase, the Company recorded intangible assets of $3,585.

On April 29, 2000, the Company acquired substantially all of the assets of Technology Management Resources, Inc. for $9,674. In conjunction with the purchase, the Company recorded intangible assets of $10,036.

On July 19, 2000, the Company acquired all of the outstanding membership interests of Strategic Partners International, LLC for $1,800. In conjunction with the purchase, the Company recorded intangible assets of $1,609.

Intangible assets are amortized using the straight-line method over periods ranging from two to fifteen years. The accumulated amortization related to intangible assets at September 30, 2000 and March 31, 2001 was $3,472 and $6,223, respectively.

4. COMMITMENTS AND CONTINGENCIES

In January 2000, the New York City Human Resources Administration submitted two contracts that it had awarded to the Company for welfare-to-work services to the Comptroller of New York City (the "Comptroller") to be registered. However, the Comptroller refused to register the contracts, alleging improprieties in the procurement process and in the Company's conduct. The New York Supreme Court, Appellate Division--First Department ordered the Comptroller to register the contracts in October 2000 after finding no wrongdoing in the Company's conduct. Nevertheless, this matter continues to be the subject of investigations being conducted by certain governmental agencies. The District Attorney's Office of New York County and the United States Attorney's Office for the Southern District of New York, in response to requests made by the Comptroller, are investigating the facts underlying this matter. During the last year, these offices reviewed certain documents and interviewed some of the Company's employees. To the Company's knowledge, there has been no recent activity involving these investigations. MAXIMUS believes that its actions were lawful and appropriate and, although there can be no assurance of a favorable outcome, the Company does not believe that this matter will have a material adverse effect on the Company's financial condition or results of operations.

The Company also is involved in various other legal proceedings in the ordinary course of its business. In the opinion of management, these proceedings involve amounts that would not have a material effect on the financial position or results of operations of the Company if such proceedings were resolved unfavorably.

5. EARNINGS PER SHARE

The following table sets forth the components of basic and diluted earnings per share:

<TABLE>
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	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	2001	2000	2001
Numerator:				
Net income	$ 8,566	$ 9,861	$16,226	$18,523
Denominator:				
Weighted average shares outstanding	21,036	21,214	21,019	21,179
Effect of dilutive securities:				
Employee stock options	499	807	408	625
Denominator for diluted earnings per share	21,535	22,021	21,427	21,804

</TABLE>

6. SEGMENT INFORMATION

In October 2000, the Company completed a reorganization of its divisions in order to better focus and manage the Company's existing and future technology assets. Accordingly, prior period reports have been reclassified to reflect current period presentation of segment information.

The following table provides certain financial information for each business segment:

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	2001	2000	2001
Revenues:				
Government Operations Group	$54,030	$ 66,586	$105,210	$127,069
Consulting Group	27,255	36,763	54,396	72,302
Systems Group	12,216	17,256	23,578	34,150
Total	$93,501	$120,605	$183,184	$233,521
Gross Profit:				
Government Operations Group	$12,347	$ 14,554	$ 23,514	$ 27,340
Consulting Group	10,855	16,655	22,182	31,731
Systems Group	6,050	7,350	11,154	15,150
Total	$29,252	$ 38,559	$ 56,850	$ 74,221
Income from operations:				
Government Operations Group	$ 6,608	$ 6,687	$ 11,569	$ 12,234
Consulting Group	4,733	8,977	9,905	16,069
Systems Group	2,259	1,027	4,024	2,907
Total	$13,600	$ 16,691	$ 25,498	$ 31,210

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

We are a leading provider of program management, consulting and systems services primarily to state and local government agencies throughout the United States. Since our inception, we have been at the forefront of innovation in meeting our mission of "Helping Government Serve the People(R)." We use our expertise, experience and advanced information technology to make government operations more efficient and cost-effective while improving the quality of services provided to program beneficiaries. We currently have contracts with government agencies in all 50 states, 49 of the 50 largest cities and 27 of the 30 largest counties, and have been profitable every year since we were founded in 1975. For the year ended September 30, 2000, we had revenues of $399 million and net income of $30.5 million and for the six months ended March 31, 2001, we had revenues of $233.5 million and net income of $18.5 million.

Prior to October 2000, we conducted our operations through two groups: the Government Operations Group and the Consulting Group. In October 2000, we reorganized our groups to better focus and manage our existing and future technology assets. Our core technology assets were moved from the Consulting Group to the newly created Systems Group. Accordingly, we have reflected the segment information for earlier periods as if it were composed of three reportable segments instead of two reportable segments.

Our revenues are generated from contracts with various payment arrangements, including: (1) fixed-price; (2) costs incurred plus a negotiated fee ("cost-plus"); (3) performance-based criteria; and (4) time and materials reimbursement (used primarily by the Consulting Group). For the fiscal year ended September 30, 2000, the most recent period for which this information is available, revenues from fixed price contracts were approximately 47% of total revenues; revenues from cost-plus contracts were approximately 19% of total revenues; revenues from performance based contracts were approximately 18% of total revenues; and revenues from time and materials reimbursement contracts were approximately 16% of total revenues. Traditionally, a majority of the contracts with state and local government agencies have been fixed-price and performance-based and federal government contracts have been cost-plus. Fixed-price and performance-based contracts generally offer higher margins but typically involve more risk than cost-plus or time and materials reimbursement contracts because we are subject to the risk of potential cost overruns or inaccurate revenue estimates.

The Government Operations Group's contracts generally contain base periods of one or more years as well as one or more option periods that may cover more than half of the potential contract duration. As of September 30, 2000, our average Government Operations contract duration was approximately 2.3 years. Our Consulting Group contracts had performance periods ranging from one month to approximately two years. Our average Systems Group contract duration was 1.5 years.

Our most significant expense is cost of revenues, which consists primarily of project-related employee salaries and benefits, subcontractors, computer equipment and travel expenses. Our ability to accurately predict personnel requirements, salaries and other costs as well as to effectively manage a project or achieve certain levels of performance can have a significant impact on the service costs related to our fixed-price, performance-based and time and materials contracts. Service cost variability has little impact on cost-plus arrangements because allowable costs are reimbursed by the client.

Selling, general and administrative expenses consist of management, marketing and administration costs including salaries, benefits, travel, recruiting, continuing education and training, facilities costs, printing, reproduction, communications and equipment depreciation.

BUSINESS COMBINATIONS AND ACQUISITIONS

As part of our growth strategy, we intend to continue to selectively identify and pursue complementary businesses to expand our geographic reach and the breadth and depth of our services and to enhance our customer base. During fiscal 2000, we completed the following transactions:

<TABLE>
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<S>	<C>	<C>	<C>	<C>
ACQUIRED COMPANY	DESCRIPTION OF BUSINESS	DATE	PURCHASE PRICE	INTANGIBLE ASSETS RECORDED
Public Systems, Inc.	Client-server management systems	October 20, 1999	$5,000,000	$4,540,000
Crawford Consulting, Inc.	Web-enabled information systems	March 20, 2000	$16,750,000	$11,887,000
3-G International, Inc.	Smart-card systems	March 31, 2000	$7,000,000 plus an earn-out of $1,126,000 paid May 2001	$7,054,000 (excludes May earn-out payment)
Asset Works, Inc.	Infrastructure management systems	April 12, 2000	$8,613,000	$8,674,000
Valuation Resource Management, Inc.	Asset inventorying and valuation services	April 14, 2000	$4,500,000	$3,585,000
Technology Management Resources	Child support collection services	April 29, 2000	$9,674,000	$10,036,000
Strategic Partners International LLC	Activity-based costing systems	July 19, 2000	$1,800,000	$1,609,000

</TABLE>

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected statements of income data as a percentage of revenues:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
Revenues:				
Government Operations Group	57.8%	55.2%	57.4%	54.4%
Consulting Group	29.1	30.5	29.7	31.0
Systems Group	13.1	14.3	12.9	14.6
Total revenues	100.0	100.0	100.0	100.0
Gross Profit:				
Government Operations Group	22.9	21.9	22.3	21.5
Consulting Group	39.8	45.3	40.8	43.9
Systems Group	49.5	42.6	47.3	44.4
Total gross profit as a percent of revenue	31.3	32.0	31.0	31.8
Selling, general and administrative expenses	16.3	17.0	16.8	17.2
Amortization of goodwill and other acquisition-related intangibles	0.4	1.1	0.3	1.2
Income from operations:				
Government Operations Group	12.2	10.0	11.0	9.6
Consulting Group	17.4	24.4	18.2	22.2
Systems Group	18.5	6.0	17.1	8.5
Total income from operations	14.6	13.9	13.9	13.4
Interest and other income	1.1	0.1	1.2	0.1

Income before income taxes	15.7	14.0	15.1	13.5
Provision for income taxes	6.5	5.8	6.2	5.6
Net income	9.2%	8.2%	8.9%	7.9%

</TABLE>

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

REVENUES. Our total contract revenues increased 29.0% to $120.6 million for the three months ended March 31, 2001 from $93.5 million for the same period in 2000. Revenues of our Government Operations Group increased 23.2% to $66.6 million for the three months ended March 31, 2001 from $54.0 million for the same period in 2000. This increase was due to an increase in the number of contracts plus revenue totaling $1.1 million received this quarter from entities acquired after the second quarter of the last fiscal year. Revenues of our Consulting Group increased 34.9% to $36.8 million for the three months ended March 31, 2001 from $27.3 million for the same period in 2000. This increase was due to an increase in the number of contracts plus revenue totaling $2.1 million received this quarter from entities acquired after the second quarter of the last fiscal year. Revenues of our Systems Group increased 41.3% to $17.3 million for the three months ended March 31, 2001 from $12.2 million for the same period in 2000. This increase was primarily due to revenue totaling $5.1 million received this quarter from entities acquired after the second quarter of the last fiscal year. For the three months ended March 31, 2001 compared to the three months ended March 31, 2000, our overall growth in revenue was 20.1% excluding the revenue from entities we acquired after the period ended March 31, 2000.

GROSS PROFIT. Our total gross profit increased 31.8% to $38.6 million for the three months ended March 31, 2001 from $29.3 million for the same period in 2000. Gross profit of our Government Operations Group increased 17.9% to $14.6 million for the three months ended March 31, 2001 from $12.3 million for the three months ended March 31, 2000. As a percentage of Government Operations Group revenues, Government Operations Group gross profit decreased to 21.9% for the three months ended March 31, 2001 from 22.9% for the same period in 2000. The decrease was due to a decline in gross margins on a few projects within the Group. Gross profit of our Consulting Group increased 53.4% to $16.7 million for the three months ended March 31, 2001 from $10.9 million for the same period in 2000 due to increased revenues and an increased gross profit percentage. As a percentage of Consulting Group revenues, Consulting Group gross profit increased to 45.3% for the three months ended March 31, 2001 from 39.8% for the same period in 2000, primarily due to improved margins. Gross profit of our Systems Group increased 21.5% to $7.4 million for the three months ended March 31, 2001 from $6.1 million for the same period in 2000 due to increased revenues. As a percentage of Systems Group revenues, Systems Group gross profit decreased to 42.6% for the three months ended March 31, 2001 from 49.5% for the same period in 2000, due primarily to a decline in software license sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our total selling, general and administrative (SG&A) expenses increased 34.2% to $20.5 million for the three months ended March 31, 2001 from $15.3 million for the same period in 2000. The primary reasons for the increase in SG&A costs were the growth in the number of our employees to approximately 4,550 at March 31, 2001 from approximately 3,797 at March 31, 2000, the increase in expenses necessary to support our growth, the increase in marketing and proposal preparation expenditures incurred to pursue further growth and, to a lesser extent, the increase in corporate and administrative staff to 214 at March 31, 2001 from 183 at March 31, 2000. As a percentage of our revenues, our SG&A expenses increased to 17.0% for the three months ended March 31, 2001 from 16.3% for the same period in 2000.

AMORTIZATION OF GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLES. In the quarter ended March 31, 2001, we incurred $1.4 million of amortization expense, as compared to $0.4 million for the same period in 2000. The increase is due to amortization of $56.0 million of goodwill and other acquisition-related intangible assets we recorded in connection with acquisitions we completed through fiscal year 2000.

INTEREST AND OTHER INCOME. The decrease in interest and other income to $0.2 million for the three months ended March 31, 2001 as compared to $1.1 million for the same period in 2000 was due to a decrease in the average balance of funds we invested.

PROVISION FOR INCOME TAXES. Our provision for income tax for the three months ended March 31, 2001 was 41.5% of income before income taxes as compared to 41.7% for the three months ended March 31, 2000. This decrease was due to differences in the amounts of certain expense items, primarily amortization of intangible assets, some of which is not deductible for tax purposes.

SIX MONTHS ENDED MARCH 31, 2001 COMPARED TO SIX MONTHS ENDED MARCH 31, 2000

REVENUES. Our total contract revenues increased 27.5% to $233.5 million for the six months ended March 31, 2001 from $183.2 million for the same period in 2000. Revenues of our Government Operations Group increased 20.8% to $127.1 million for the six months ended March 31, 2001 from $105.2 million for the same period in 2000. This increase was due to an increase in the number of contracts plus revenue totaling $2.8 million received during the six month period ended March 31, 2001 from entities acquired after the start of the six month period ended March 31, 2000. Revenues of our Consulting Group increased 32.9% to $72.3 million for the six months ended March 31, 2001 from $54.4 million for the same period in 2000. This increase was due to an increase in the number of

contracts plus revenue totaling $4.2 million received during the six month period ended March 31, 2001 from entities acquired after the start of the six month period ended March 31, 2000. Revenues of our Systems Group increased 44.8% to $34.1 million for the six months ended March 31, 2001 from $23.6 million for the same period in 2000. This increase was primarily due to revenue totaling $10.1 million received during the six month period ended March 31, 2001 from entities acquired after the start of the six month period ended March 31, 2000. For the six months ended March 31, 2001 compared to the six months ended March 31, 2000, our overall growth in revenue was 18.1% excluding the revenue from entities we acquired after the period ended March 31, 2000.

GROSS PROFIT. Our total gross profit increased 30.6% to $74.2 million for the six months ended March 31, 2001 from $56.9 million for the same period in 2000. Gross profit of our Government Operations Group increased 16.3% to $27.3 million for the six months ended March 31, 2001 from $23.5 million for the six months ended March 31, 2000. As a percentage of Government Operations Group revenues, Government Operations Group gross profit decreased to 21.5% for the six months ended March 31, 2001 from 22.3% for the same period in 2000. The decrease was due to a decline in gross margins on a few projects within the Group. Gross profit of our Consulting Group increased 43.0% to $31.7 million for the six months ended March 31, 2001 from $22.2 million for the same period in 2000. As a percentage of Consulting Group revenues, Consulting Group gross profit increased to 43.9% for the six months ended March 31, 2001 from 40.8% for the same period in 2000, primarily due to improved margins. Gross profit of our Systems Group increased 35.8% to $15.2 million for the six months ended March 31, 2001 from $11.2 million for the same period in 2000 due to increased revenues. As a percentage of Systems Group revenues, Systems Group gross profit decreased to 44.4% for the six months ended March 31, 2001 from 47.3% for the same period in 2000, due primarily to a decline in software license sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our SG&A expenses increased 31.1% to $40.3 million for the six months ended March 31, 2001 from $30.7 million for the same period in 2000. The primary reasons for the increase in SG&A costs were the growth in the number of our employees to approximately 4,550 at March 31, 2001 from approximately 3,797 at March 31, 2000, the increase in expenses necessary to support our growth, the increase in marketing and proposal preparation expenditures incurred to pursue further growth and, to a lesser extent, the increase in corporate and administrative staff to 214 at March 31, 2001 from 183 at March 31, 2000. As a percentage of our revenues, our SG&A expenses increased to 17.2% for the six months ended March 31, 2001 from 16.8% for the same period in 2000.

AMORTIZATION OF GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLES. In the quarter ended March 31, 2001, we incurred $2.8 million of amortization expense, as compared to $0.6 million for the same period in 2000. The increase is due to amortization of $56.0 million of goodwill and other acquisition-related intangible assets we recorded in connection with acquisitions we completed through fiscal year 2000.

INTEREST AND OTHER INCOME. The decrease in interest and other income to $0.5 million for the six months ended March 31, 2001 as compared to $2.1 million for the same period in 2000 was due to a decrease in the average balance of funds we invested.

PROVISION FOR INCOME TAXES. Our provision for income tax for the six months ended March 31, 2001 was 41.5% of income before income taxes as compared to 41.3% for the six months ended March 31, 2000. This increase was due to differences in the amounts of certain expense items, primarily amortization of intangible assets, some of which is not deductible for tax purposes.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended March 31, 2001, cash provided by our operations was $13.3 million as compared to cash used in our operations of $3.9 million for the six months ended March 31, 2000. Higher income after adjustment for depreciation and amortization and changes in working capital accounts has favorably impacted our operating cash flow. Improvements in realizations on accounts receivable collections has had a significant positive effect in the first six months of fiscal 2001, partially offset by an increase in costs and estimated earnings in excess of billings (i.e., unbilled receivables) and a decrease in billings in excess of costs and estimated earnings (i.e., deferred revenue). The increase in unbilled accounts receivable and the decrease in deferred revenues during the six months ended March 31, 2001 were due to a number of new contract startups and the impact of a number of contracts for which billings do not match performance achievement.

For the six months ended March 31, 2001, cash used in investing activities was $5.3 million as compared to $12.7 million for the six months ended March 31, 2000. Cash used in investing activities for the six months ended March 31, 2001 primarily consisted of expenditures for capitalized software costs totaling $3.8 million and purchases of property and equipment of $2.3 million. During the six months ended March 31, 2000, we generated cash from sales of marketable securities, substantially all of which consisted of short-term government obligations totaling $10.7 million, and used $21.5 million in cash for two acquisitions.

Cash provided by financing activities during the six months ended March 31, 2001 and the six months ended March 31, 2000 was $2.0 million and $1.5 million, respectively, which consisted primarily of sales of stock to employees through our employee stock purchase plan and stock option plan during both periods.

Our management believes that we will have sufficient resources to meet our liquidity requirements for at least the next twelve months.

FORWARD LOOKING STATEMENTS

From time to time, we may make forward-looking statements that are not historical facts, including statements about our confidence and strategies and our expectations about revenues, results of operations, profitability, future contracts, market opportunities, market demand or acceptance of our products and services. These statements may involve risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. Examples of these risks include reliance on government clients; risks associated with government contracting; risks involved in managing government projects; legislative changes and political developments; opposition from government unions; challenges resulting from growth; adverse publicity; and legal, economic, and other risks detailed in Exhibit 99 to this Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We believe that our exposure to market risk related to the effect of changes in interest rates, foreign currency exchange rates, commodity prices and equity prices with regard to instruments entered into for trading or for other purposes is immaterial.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

At our Annual Meeting of Shareholders held on March 6, 2001, our shareholders voted as follows:

(a) To elect Margaret Carrera, Peter B. Pond and James R. Thompson to the board of directors, each for a three-year term.

NOMINEE	TOTAL VOTE "FOR"	TOTAL VOTE WITHHELD
Margaret Carrera	18,314,126	736,921
Peter B. Pond	18,515,847	535,200
James R. Thompson	18,347,194	703,853

Ms. Carrera resigned from the board of directors immediately after the March 6, 2001 Annual Meeting. Russell A. Beliveau, Jesse Brown, Lynn P. Davenport, Thomas A. Grissen, David V. Mastran and Raymond B. Ruddy continued their terms in office after the meeting.

(b) To approve an amendment to our 1997 Equity Incentive Plan to increase the number of shares of common stock of MAXIMUS as to which awards may be granted under the plan to 5,000,000.

Total Vote For the Proposal	10,871,957
Total Vote Against the Proposal	6,989,395
Abstentions	49,782

(c) To ratify the selection by our board of directors of Ernst & Young LLP as our independent public accountants for the fiscal year ending September 30, 2001.

<TABLE>

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Total Vote For the Proposal................................	18,980,077
Total Vote Against the Proposal............................	3,381
Abstentions..	67,589

</TABLE>

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits. The Exhibits filed as part of this Form 10-Q are listed on the Exhibit Index immediately preceding the Exhibits. The Exhibit Index is incorporated herein by reference.

(b) Reports on Form 8-K. We filed a Current Report on Form 8-K on February 7, 2001 to disclose certain financial segment information for earlier periods reflecting a reorganization of our principal operating segments as if we had operated under three groups rather than two groups.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

<TABLE>
<S> <C> <C>

		MAXIMUS, INC.
Date: May 15, 2001	By:	/s/ F. ARTHUR NERRET
		F. Arthur Nerret Vice President, Finance, Chief Financial Officer (Principal Financial and Accounting Officer)

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
10	1997 Equity Incentive Plan, as amended. Filed herewith.
99	Important Factors Regarding Forward Looking Statements. Filed herewith.

</TABLE>

EXHIBIT 10

As amended through March 6, 2001

MAXIMUS, INC.

1997 EQUITY INCENTIVE PLAN

SECTION 1. PURPOSE

The purpose of the MAXIMUS, Inc. 1997 Equity Incentive Plan is to attract and retain key employees and consultants of the Company and its Affiliates, to provide an incentive for them to achieve long-range performance goals, and to enable them to participate in the long-term growth of the Company.

SECTION 2. DEFINITIONS

"Affiliate" means any business entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Company. For purposes hereof, "control" (and with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession of the power to direct or cause the direction of the management and policies of the Company, whether through the ownership of voting stock, by contract or otherwise. In the case of a corporation "control" shall mean, among other things, the direct or indirect ownership of more than fifty percent (50%) of its outstanding voting stock.

"Award" means any Option, Stock Appreciation Right, Performance Share, Restricted Stock, Stock Unit or Other Stock-Based Award awarded under the Plan.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor to such Code.

"Committee" means a committee of not less than two members of the Board appointed by the Board to administer the Plan, each of whom is a "Non-Employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 or any successor provision, as applicable to the Company at the time ("Rule 16b-3"); PROVIDED, HOWEVER, that until such committee is appointed, "Committee" means the Board.

"Common Stock" or "Stock" means the common stock of the Company.

"Company" means MAXIMUS, Inc.

"Designated Beneficiary" means the beneficiary designated by a Participant, in a manner determined by the Committee, to receive amounts due or exercise rights of the Participant in the event of the Participant's death. In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

"Effective Date" means January 31, 1997.

"Fair Market Value" means, with respect to Common Stock or any other property, the fair market value of such property as determined by the Committee in good faith or in the manner established by the Committee from time to time.

"Incentive Stock Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6 that is intended to meet the requirements of Section 422 of the Code or any successor provision.

"Nonstatutory Stock Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6 that is not intended to be an Incentive Stock Option.

"Option" means an Incentive Stock Option or a Nonstatutory Stock Option.

"Other Stock-Based Award" means an Award, other than an Option, Stock Appreciation Right, Performance Share, Restricted Stock or Stock Unit, having a Common Stock element and awarded to a Participant under Section 11.

"Participant" means a person selected by the Committee to receive an Award under the Plan.

"Performance Cycle" or "Cycle" means the period of time selected by the Committee during which performance is measured for the purpose of determining the extent to which an award of Performance Shares has been earned.

"Performance Shares" mean shares of Common Stock, which may be earned by the achievement of performance goals, awarded to a Participant under Section 8.

"Reporting Person" means a person subject to Section 16 of the Securities Exchange Act of 1934 or any successor provision.

"Restricted Period" means the period of time during which an Award may be forfeited to the Company pursuant to the terms and conditions of such Award.

"Restricted Stock" means shares of Common Stock subject to forfeiture awarded to a Participant under Section 9.

"Stock Appreciation Right" or "SAR" means a right to receive any excess in value of shares of Common Stock over the exercise price awarded to a Participant under Section 7.

"Stock Unit" means an award of Common Stock or units that are valued in whole or in part by reference to, or otherwise based on, the value of Common Stock, awarded to a Participant under Section 10.

SECTION 3. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, and to interpret the provisions of the Plan. The Committee's decisions shall be final and binding. To the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company the power to make Awards to Participants who are not Reporting Persons and all determinations under the Plan with respect thereto, provided that the Committee shall fix the maximum amount of such Awards for all such Participants and a maximum for any one Participant.

SECTION 4. ELIGIBILITY

All employees and, in the case of Awards other than Incentive Stock Options, outside directors and consultants of the Company or any Affiliate, capable of contributing significantly to the successful performance of the Company are eligible to be Participants in the Plan. Incentive Stock Options may be awarded only to persons eligible to receive such Options under the Code.

SECTION 5. STOCK AVAILABLE FOR AWARDS

(a) Subject to adjustment under subsection (b), Awards may be made under the Plan for up to 5,000,000 shares of Common Stock. If any Award in respect of shares of Common Stock expires or is terminated unexercised or is forfeited without the Participant having had the benefits of ownership (other than voting rights), the shares subject to such Award, to the extent of such expiration, termination or forfeiture, shall again be available for award under the Plan. Common Stock issued through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for Awards under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) If the Committee determines that any stock dividend, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below fair market value, or other similar transaction affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee (subject, in the case of Incentive Stock Options, to any limitation required under the Code) shall equitably adjust any or all of (i) the number and kind of shares in respect of which Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards, and (iii) the award, exercise or conversion price with respect to any of the foregoing, and if considered appropriate, the Committee may make provision for a cash payment with respect to an outstanding Award, provided that the number of shares subject to any Award shall always be a whole number.

SECTION 6. STOCK OPTIONS

(a) Subject to the provisions of the Plan, the Committee may award Incentive Stock Options and Nonstatutory Stock Options and determine the number of shares to be covered by each Option, the option price therefor and the conditions and limitations applicable to the exercise of the Option. The terms and conditions of Incentive Stock Options shall be subject to and comply with Section 422 of the Code or any successor provision and any regulations thereunder, and no Incentive Stock Option may be granted hereunder more than ten years after the Effective Date.

(b) The Committee shall establish the option price at the time each Option is awarded, which price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of award with respect to Incentive Stock Options. Nonstatutory Stock Options may be granted at such prices as the Committee may determine.

(c) Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable Award or thereafter. The Committee may impose such conditions with respect to the exercise of Options, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(d) No shares shall be delivered pursuant to any exercise of an Option until payment in full of the option price therefor is received by the Company. Such payment may be made in whole or in part in cash or, to the extent permitted by the Committee at or after the award of the Option, by delivery of a note or shares of Common Stock owned by the optionee, including Restricted Stock, or by retaining shares otherwise issuable pursuant to the Option, in each case valued at their Fair Market Value on the date of delivery or retention, or such other lawful consideration as the Committee may determine.

(e) The Committee may provide that, subject to such conditions as it considers appropriate, upon the delivery or retention of shares to the Company in payment of an Option, the Participant automatically be awarded an Option for up to the number of shares so delivered.

SECTION 7. STOCK APPRECIATION RIGHTS

(a) Subject to the provisions of the Plan, the Committee may award SARs in tandem with an Option (at or after the award of the Option), or alone and unrelated to an Option. SARs in tandem with an Option shall terminate to the extent that the related Option is exercised, and the related Option shall terminate to the extent that the tandem SARs are exercised. SARs granted in tandem with Options shall have an exercise price not less than the exercise price of the related Option. SARs granted alone and unrelated to an Option may be granted at such exercise prices as the Committee may determine.

(b) An SAR related to an Option, which SAR can only be exercised upon or during limited periods following a change in control of the Company, may entitle the Participant to receive an amount based upon the highest price paid or offered for Common Stock in any transaction relating to the change in control or paid during the thirty-day period immediately preceding the occurrence of the change in control in any transaction reported in the stock market in which the Common Stock is normally traded.

SECTION 8. PERFORMANCE SHARES

(a) Subject to the provisions of the Plan, the Committee may award Performance Shares and determine the number of such shares for each Performance Cycle and the duration of each Performance Cycle. There may be more than one Performance Cycle in existence at any one time, and the duration of Performance Cycles may differ from each other. The payment value of Performance Shares shall be equal to the Fair Market Value of the Common Stock on the date the Performance Shares are earned or, in the discretion of the Committee, on the date the Committee determines that the Performance Shares have been earned.

(b) The committee shall establish performance goals for each Cycle, for the purpose of determining the extent to which Performance Shares awarded for such Cycle are earned, on the basis of such criteria and to accomplish such objectives as the Committee may from time to time select. During any Cycle, the Committee may adjust the performance goals for such Cycle as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles, or such other factors as the Committee may determine.

(c) As soon as practicable after the end of a Performance Cycle, the Committee shall determine the number of Performance Shares that have been earned on the basis of performance in relation to the established performance goals. The payment values of earned Performance Shares shall be distributed to the Participant or, if the Participant has died, to the Participant's Designated Beneficiary, as soon as practicable thereafter. The Committee shall determine, at or after the time of award, whether payment values will be settled in whole or in part in cash or other property, including Common Stock or Awards.

SECTION 9. RESTRICTED STOCK

(a) Subject to the provisions of the Plan, the Committee may award shares of Restricted Stock and determine the duration of the Restricted Period during which, and the conditions under which, the shares may be forfeited to the Company and the other terms and conditions of such Awards. Shares of Restricted Stock may be issued for no cash consideration or such minimum consideration as may be required by applicable law.

(b) Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as permitted by the Committee, during the Restricted Period. Shares of Restricted Stock shall be evidenced in such manner as the Committee may determine. Any certificates issued in respect of shares of Restricted Stock shall be registered in the name of the Participant and unless otherwise determined by the Committee, deposited by the Participant, together with a stock power endorsed in blank, with the Company. At the expiration of the Restricted Period, the Company shall deliver such certificates to the Participant or if the Participant has died, to the Participant's Designated Beneficiary.

SECTION 10. STOCK UNITS

(a) Subject to the provisions of the Plan, the Committee may award Stock Units subject to such terms, restrictions, conditions, performance criteria, vesting requirements and payment rules as the Committee shall determine.

(b) Shares of Common Stock awarded in connection with a Stock Unit Award shall be issued for no cash consideration or such minimum consideration as may be required by applicable law.

SECTION 11. OTHER STOCK-BASED AWARDS

(a) Subject to the provisions of the Plan, the Committee may make other awards of Common Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on, Common Stock, including without limitation convertible preferred stock, convertible debentures, exchangeable securities and Common Stock awards or options. Other Stock-Based Awards may be granted either alone or in tandem with other Awards granted under the Plan and/or cash awards made outside of the Plan.

(b) The Committee may establish performance goals, which may be based on performance goals related to book value, subsidiary performance or such other criteria as the Committee may determine, Restricted Periods, Performance Cycles, conversion prices, maturities and security, if any, for any Other Stock-Based Award. Other Stock-Based Awards may be sold to Participants at the face value thereof or any discount therefrom or awarded for no consideration or such minimum consideration as may be required by applicable law.

SECTION 12. GENERAL PROVISIONS APPLICABLE TO AWARDS

(a) LIMITATIONS ON TRANSFERABILITY. Options shall not be transferable by the recipient other than by will or the laws of descent and distribution and are exercisable during such person's lifetime only by such person or by such person's guardian or legal representative; provided that the Committee may in its discretion waive such restriction in any case.

(b) DOCUMENTATION. Each Award under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with applicable tax and regulatory laws and accounting principles.

(c) COMMITTEE DISCRETION. Each type of Award may be made alone, in addition to or in relation to any other type of Award. The terms of each type of Award need not be identical, and the Committee need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Committee at the time of award or at any time thereafter.

(d) SETTLEMENT. The Committee shall determine whether Awards are settled in whole or in part in cash, Common Stock, other securities of the Company, Awards or other property. The Committee may permit a Participant to defer all or any portion of a payment under the Plan, including the crediting of interest on deferred amounts denominated in cash and dividend equivalents on amounts denominated in Common Stock.

(e) DIVIDENDS AND CASH AWARDS. In the discretion of the Committee, any Award under the Plan may provide the Participant with (i) dividends or dividend equivalents payable currently or deferred with or without interest, and (ii) cash payments in lieu of or in addition to an Award.

(f) TERMINATION OF EMPLOYMENT. The Committee shall determine the effect on an Award of the disability, death, retirement or other termination of employment of a Participant and the extent to which, and the period during which, the Participant's legal representative, guardian or Designated Beneficiary may receive payment of an Award or exercise rights thereunder.

(g) CHANGE IN CONTROL. In order to preserve a Participant's rights under an Award in the event of a change in control of the Company, the Committee in its discretion may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or realization of the Award, (ii) provide for the purchase of the Award upon the Participant's request for an amount of cash or other property that could have been received upon the exercise or realization of the Award had the Award been currently exercisable or payable, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect the change in control, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other provision as the Committee may consider equitable and in the best interests of the Company.

(h) LOANS. The Committee may authorize the making of loans or cash payments to Participants in connection with any Award under the Plan, which loans may be secured by any security, including Common Stock, underlying or related to such Award (provided that such Loan shall not exceed the Fair Market Value of the security subject to such Award), and which may be forgiven upon such terms and conditions as the Committee may establish at the time of such loan or at any time thereafter.

(i) WITHHOLDING TAXES. The Participant shall pay to the Company, or make provision satisfactory to the Committee for payment of, any taxes required by law to be withheld in respect of Options under the Plan no later than the date of the event creating the tax liability. The Company and its Affiliates may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant. In the Committee's discretion, the Participant may pay any taxes due with respect to an Option in whole or in part in shares of Common Stock, including shares retained from the Option creating the tax obligation, valued at their Fair Market Value on the date of retention or delivery.

(j) FOREIGN NATIONALS. Awards may be made to Participants who are foreign nationals or employed outside the United States on such terms and conditions different from those specified in the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with applicable laws.

(k) AMENDMENT OF AWARD. The Committee may amend, modify or terminate any outstanding Award, including substituting therefor another Award of the same or a different type, changing the date of exercise or realization and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participant's consent to such action shall be required unless the Committee determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

SECTION 13. MISCELLANEOUS

(a) LIMITATION ON NUMBER OF SHARES GRANTED. Notwithstanding any other provision of the Plan, the aggregate number of shares of Common Stock subject to Options and SARs that may be granted within any fiscal year to any one Eligible Person under the Plan shall not exceed that number of shares equal to 20% of the total number of shares reserved for issuance under the Plan, except for grants to new hires during the fiscal year of hiring which shall not exceed that number of shares equal to 30% of the total number of shares reserved for issuance under the Plan.

(b) NO RIGHT TO EMPLOYMENT. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment. The Company expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(c) NO RIGHTS AS STOCKHOLDER. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof. A Participant to whom Common Stock is awarded shall be considered the holder of the Stock at the time of the Award except as otherwise provided in the applicable Award.

(d) EFFECTIVE DATE. Subject to the approval of the stockholders of the Company, the Plan shall be effective on the Effective Date. Before such approval, Awards may be made under the Plan expressly subject to such approval.

(e) AMENDMENT OF PLAN. The Board may amend, suspend or terminate the Plan or any portion thereof at any time, subject to any stockholder approval that the Board determines to be necessary or advisable.

(f) GOVERNING LAW. The provisions of the Plan shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia.

1. ADOPTED BY THE BOARD OF DIRECTORS ON JANUARY 31, 1997
2. APPROVED BY THE SHAREHOLDERS ON FEBRUARY 3, 1997
3. AMENDED BY THE BOARD OF DIRECTORS ON AUGUST 26, 1998, AS APPROVED BY THE SHAREHOLDERS ON FEBRUARY 23, 1999.
4. AMENDED BY THE BOARD OF DIRECTORS ON JUNE 13, 2000 AND NOVEMBER 21, 2000, AS APPROVED BY THE SHAREHOLDERS ON MARCH 6, 2001.
5. AMENDED BY THE BOARD OF DIRECTORS ON MARCH 6, 2001.

EXHIBIT 99

IMPORTANT FACTORS REGARDING FORWARD LOOKING STATEMENTS

From time to time, we may make forward-looking public statements, such as statements concerning our then-expected future revenues or earnings or concerning projected plans, performance or contract procurement, as well as other estimates relating to future operations. Forward-looking statements may be in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in press releases or in informal statements made with the approval of an authorized executive officer. The words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements" within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended, as enacted by the Private Securities Litigation Reform Act of 1995.

We wish to caution you not to place undue reliance on these forward-looking statements which speak only as of the date on which they are made. In addition, we wish to advise you that the factors listed below, as well as other factors we have not currently identified, could affect our financial or other performance and could cause our actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods or events in any current statement.

We will not undertake and we specifically decline any obligation to publicly release revisions to these forward-looking statements to reflect either circumstances after the date of the statements or the occurrence of events which may cause us to re-evaluate our forward-looking statements.

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act, we are hereby filing the following cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in forward-looking statements made by us or on our behalf:

IF WE FAIL TO SATISFY OUR CONTRACTUAL OBLIGATIONS, OUR ABILITY TO COMPETE FOR FUTURE CONTRACTS AND OUR FINANCIAL CONDITION MAY BE ADVERSELY AFFECTED.

Our failure to comply with contract requirements or to meet our client's performance expectations when performing on a contract could materially and adversely affect our financial performance and our reputation, which, in turn, would impact our ability to compete for new contracts. In addition, our contracts often require us to indemnify clients for our failure to meet performance standards. Some of our contracts contain liquidated damages provisions and financial penalties related to performance failures. Further, in order to bid on certain contracts, we are required to post a cash performance bond or obtain a letter of credit to secure our indemnification obligations. If a claim is made against a performance bond or letter of credit, the issuer could demand higher premiums. Increased premiums would adversely affect our earnings and could limit our ability to bid for future contracts.

IF WE FAIL TO ESTIMATE ACCURATELY THE FACTORS UPON WHICH WE BASE OUR CONTRACT PRICING, WE MAY HAVE TO REPORT A DECREASE IN REVENUES OR INCUR LOSSES ON THOSE CONTRACTS.

We derived approximately 47% of our fiscal 2000 revenues from fixed-price contracts and approximately 18% of our fiscal 2000 revenues from performance-based contracts. For fixed-price contracts, we receive our fee if we meet specified objectives or achieve certain units of work. Those objectives might include placing a certain number of welfare recipients into jobs, collecting target amounts of child support payments, completing a particular number of managed care enrollments, or delivering a planning document under a consulting arrangement. For performance-based contracts, we receive our fee on a per-transaction basis. These contracts include, for example, child support enforcement contracts, in which we often receive a fee based on the amount of child support collected. To earn a profit on these contracts, we must accurately estimate costs involved and assess the probability of meeting the specified objectives, realizing the expected units of work or completing individual transactions, within the contracted time period. We recognize revenues on these contracts, plus an estimated profit, as costs are incurred. Under this method, anticipated revenues for the full contract are recorded as the costs are incurred, not when the bills are sent or when the payment is made. Therefore, if a contract is cancelled or re-negotiated after work has been performed, previously recognized revenue would be reversed and charged to earnings at that time. The reversal of previously recognized revenue could adversely affect our financial results. In addition, we review these contracts quarterly and adjust revenues to reflect our current expectations as to the total anticipated costs. These adjustments affect the timing and amount of revenue recognized and could adversely affect our financial results.

IF WE ARE UNABLE TO MANAGE OUR GROWTH, OUR PROFITABILITY WILL BE ADVERSELY AFFECTED.

Sustaining our growth has placed significant demands on our management as well as on our administrative, operational and financial resources. For us to continue to manage our growth, we must continue to improve our operational, financial and management information systems and expand, motivate and manage our workforce. If our growth and management of large-scale health and human services programs comes at the expense of providing quality service and generating reasonable profits, our ability to successfully bid for contracts and our profitability will be adversely affected.

GOVERNMENT ENTITIES HAVE IN THE PAST AND MAY IN THE FUTURE TERMINATE THEIR CONTRACTS WITH US EARLIER THAN WE EXPECT, WHICH MAY RESULT IN REVENUE SHORTFALLS.

Many of our government contracts contain base periods of one or more years, as well as option periods covering more than half of the contract's potential duration. Government agencies do not have to exercise these option periods. The profitability of some of our contracts could be adversely impacted if the option periods are not exercised. Our contracts also typically contain provisions permitting a government client to terminate the contract on short notice, with or without cause. The unexpected termination of significant contracts could result in significant revenue shortfalls. If revenue shortfalls occur and are not offset by corresponding reductions in expenses, our business could be adversely affected. We cannot anticipate if, when or to what extent a client might terminate its contracts with us.

GOVERNMENT UNIONS MAY OPPOSE OUTSOURCING OF GOVERNMENT PROGRAMS TO OUTSIDE VENDORS SUCH AS US, WHICH COULD LIMIT OUR MARKET OPPORTUNITIES.

Our success depends in part on our ability to win profitable contracts to administer and manage health and human services programs traditionally administered by government employees. Many government employees, however, belong to labor unions with considerable financial resources and lobbying networks. Unions have in the past and are likely to continue to apply political pressure on legislators and other officials seeking to outsource government programs. For example, union lobbying was instrumental in influencing the Department of Health and Human Services to deny a petition to allow private corporations to make Food Stamp and Medicaid eligibility determinations in Texas. Union opposition may slow welfare reform and result in fewer opportunities for us to service government agencies.

WE MAY LOSE EXECUTIVE OFFICERS AND SENIOR MANAGERS ON WHOM WE RELY TO GENERATE BUSINESS AND EXECUTE PROJECTS SUCCESSFULLY.

The abilities of our executive officers and our senior managers to generate business and execute projects successfully is important to our success. While we have employment agreements with some of our executive officers, these agreements do not prevent them from terminating their employment with us. The loss of an executive officer or senior manager could impair our ability to secure and manage engagements.

GOVERNMENT AGENCIES MAY INVESTIGATE AND AUDIT OUR CONTRACTS AND, IF ANY IMPROPRIETIES ARE FOUND, WE MAY BE REQUIRED TO REFUND REVENUES WE HAVE RECEIVED, TO FOREGO ANTICIPATED REVENUES AND MAY BE SUBJECT TO PENALTIES AND SANCTIONS, INCLUDING PROHIBITIONS ON OUR BIDDING FOR RFPS.

The Defense Contract Audit Agency and other government agencies have the authority to audit and investigate our contracts with them. As part of that process, the government agency reviews our performance on the contract, our pricing practices, our cost structure and our compliance with applicable laws, regulations and standards. If the agency determines that we have improperly allocated costs to a specific contract, we will not be reimbursed for those costs and we will be required to refund the amount of any such costs which have been reimbursed. If a government audit uncovers improper or illegal activities by us or we otherwise determine that these activities have occurred, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or disqualification from doing business with the government. Any adverse determination could adversely impact our ability to bid for RFPs.

WE MAY INCUR SIGNIFICANT COSTS BEFORE RECEIVING RELATED REVENUES WHICH COULD RESULT IN CASH SHORTFALLS.

When we are awarded a contract to manage a government program, we may incur significant expenses before we receive contract payments, if any. These expenses include leasing office space, purchasing office equipment and hiring personnel. As a result, in certain large contracts where the government does not fund program start-up costs, we are required to invest significant sums of money before receiving related contract payments. In addition, payments due to us from government agencies may be delayed due to billing cycles or as a result of failures to approve governmental budgets in a timely manner. Moreover, any resulting cash shortfall could be exacerbated if we fail to timely invoice the government agency or to timely collect our fee.

INACCURATE, MISLEADING OR NEGATIVE MEDIA COVERAGE COULD ADVERSELY AFFECT OUR REPUTATION AND OUR ABILITY TO BID FOR GOVERNMENT CONTRACTS.

The media frequently focuses its attention on our contracts with government agencies. If the media coverage is negative, it could influence government officials to slow the pace of outsourcing government services, which could reduce the number of RFPs. The media also focuses its attention on the activities of political consultants engaged by us, even when their activities are unrelated to our business, and we may be tainted by adverse media coverage about their activities. Moreover, inaccurate, misleading or negative media coverage about us could harm our reputation and, accordingly, our ability to bid for and win government contracts.

WE OBTAIN MOST OF OUR BUSINESS THROUGH RESPONSES TO GOVERNMENT REQUESTS FOR PROPOSALS. WE MAY NOT BE AWARDED CONTRACTS THROUGH THIS PROCESS IN THE FUTURE AND CONTRACTS WE ARE AWARDED MAY NOT BE PROFITABLE.

Substantially all of our clients are state or local government authorities. To market our services to government clients, we are often required to respond to government requests for proposals, or RFPs. To do so effectively, we must estimate accurately our cost structure for servicing a proposed contract, the time required to establish operations and likely terms of the proposals submitted by competitors. We must also assemble and submit a large volume of information within an RFP's rigid timetable. Our ability to respond successfully to RFPs will greatly impact our business. We may not be awarded contracts through the RFP process and our proposals may not result in profitable contracts.

WE MAY BE UNABLE TO ATTRACT AND RETAIN SUFFICIENT QUALIFIED PERSONNEL NECESSARY TO SUSTAIN OUR BUSINESS.

Our delivery of services is labor-intensive. When we are awarded a government contract, we must quickly hire project leaders and case management personnel. The additional staff also creates a concurrent demand for increased administrative personnel. The success of our Government Operations Group, Consulting Group and Systems Group requires that we attract, develop, motivate and retain:

- experienced and innovative executive officers;
- senior managers who have successfully managed or designed government services programs in the public sector; and
- information technology professionals who have designed or implemented complex information technology projects.

Innovative, experienced and technically proficient individuals are in great demand and are likely to remain a limited resource. We may be unable to continue to attract and retain desirable executive officers and senior managers. Our inability to hire sufficient personnel on a timely basis or the loss of significant numbers of executive officers and senior managers could adversely affect our business.

IF WE FAIL TO ESTABLISH AND MAINTAIN IMPORTANT RELATIONSHIPS WITH GOVERNMENT ENTITIES AND AGENCIES, OUR ABILITY TO SUCCESSFULLY BID FOR RFPS MAY BE ADVERSELY AFFECTED.

To facilitate our ability to prepare bids in response to RFPs, we rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships enable us to provide informal input and advice to the government entities and agencies prior to the development of an RFP. We also engage marketing consultants, including lobbyists, to establish and maintain relationships with elected officials and appointed members of government agencies. The effectiveness of these consultants may be reduced or eliminated if a significant political change occurs. We may be unable to successfully manage our relationships with government entities and agencies and with elected officials and appointees and any failure to do so may adversely affect our ability to bid successfully for RFPs.

THE FEDERAL GOVERNMENT MAY REFUSE TO GRANT CONSENTS AND/OR WAIVERS NECESSARY TO PERMIT PRIVATE ENTITIES, SUCH AS US, TO PERFORM CERTAIN ELEMENTS OF GOVERNMENT PROGRAMS.

Under current law, in order to privatize certain functions of government programs, the federal government must grant a consent and/or waiver to the petitioning state or local agency. If the federal government does not grant a necessary consent or waiver, the state or local agency will be unable to outsource that function to a private entity, such as us, which could eliminate or reduce the value of the contract.

OUR BUSINESS COULD BE ADVERSELY AFFECTED BY FUTURE LEGISLATIVE CHANGES THAT WE DO NOT ANTICIPATE OR TO WHICH WE DO NOT RESPOND EFFECTIVELY.

The market for our services depends largely on federal and state legislative programs. These programs can be modified or amended at any time by acts of federal and state governments. For example, in 1996, Congress amended the Social Security Act to eliminate social security and supplemental income benefit payments based solely on drug and alcohol disabilities. That amendment resulted in the termination of our substantial contract with the Social Security Administration which related to the referral and monitoring of the treatment of recipients of these benefits.

Moreover, part of our growth strategy includes aggressively pursuing opportunities created by the Welfare Reform Act and other federal and state initiatives, which we believe will be implemented to encourage long-term changes in the nation's welfare system by seeking new contracts to administer and new health and welfare programs to manage. However, there are many opponents of welfare reform and, as a result, future progress in the area of welfare reform is uncertain. The repeal of the Welfare Reform Act, in whole or in part, could adversely affect our business. Further, if additional reforms are not proposed or enacted, or if previously enacted reforms are challenged, repealed or invalidated, our growth strategy could be adversely impacted.

IF WE DO NOT SUCCESSFULLY INTEGRATE THE BUSINESSES THAT WE ACQUIRE, OUR RESULTS OF OPERATIONS COULD BE ADVERSELY AFFECTED.

We may be unable to manage our acquired businesses profitably or integrate them successfully without incurring substantial expenses, delays or other problems that could negatively impact our results of operations. To date, we have combined with twelve firms and have acquired substantially all of the assets of two firms and a division of another firm. We are still in the process of integrating the operations of several of these firms.

Moreover, business combinations involve additional risks, including:

- diversion of management's attention;
- loss of key personnel;
- assumption of unanticipated legal or financial liabilities;
- unanticipated operating, accounting or management difficulties in connection with the acquired entities;
- amortization of acquired intangible assets, including goodwill; and
- dilution to our earnings per share.

Also, client dissatisfaction or performance problems with an acquired firm could materially and adversely affect our reputation as a whole. Further, the acquired businesses may not achieve the revenues and earnings we anticipated.

FEDERAL GOVERNMENT OFFICIALS MAY DISCOURAGE STATE AND LOCAL GOVERNMENTAL ENTITIES FROM ENGAGING US, WHICH MAY RESULT IN A DECLINE IN REVENUES.

To avoid higher than anticipated demands for federal funds, federal government officials occasionally discourage state and local authorities from engaging private consultants to advise them on maximizing federal funding. If state and local officials are dissuaded from engaging us for revenue maximization services, we will not receive contracts for, or revenues from, those services.

WE FACE COMPETITION FROM A VARIETY OF ORGANIZATIONS, MANY OF WHICH HAVE SUBSTANTIALLY GREATER FINANCIAL RESOURCES THAN US; WE MAY BE UNABLE TO COMPETE SUCCESSFULLY WITH THESE ORGANIZATIONS.

Our Government Operations Group competes for program management contracts with the following:

- government services divisions of large organizations such as Lockheed Martin Corporation, Electronic Data Systems, Inc. and Accenture;
- specialized service providers such as Benova, Inc., Policy Studies Incorporated, Affiliated Computer Services, Inc. and America Works, Inc.; and
- local non-profit organizations such as the United Way, Goodwill Industries and Catholic Charities.

Our Consulting Group competes with:

- o the consulting divisions of the "Big 5" accounting firms; and

- o small, specialized consulting firms

Our Systems Group competes with a large number of competitors including:

- o Unisys, KPMG, Accenture, Litton PRC (a Northrop Grumman Company), Peregrine Systems, Inc. and Electronic Data Systems, Inc.

Many of these companies are national and international in scope and have greater resources than we have. Substantial resources could enable certain competitors to initiate severe price cuts or take other measures in an effort to gain market share. In addition, we may be unable to compete for a limited number of large contracts because we may not be able to meet an RFP's requirement to obtain and post a large cash performance bond. Also, in some geographic areas, we face competition from smaller consulting firms with established reputations and political relationships. We may be unable to compete successfully against our existing or any new competitors.

WE MAY NOT RECEIVE SUFFICIENT PAYMENTS IN A QUARTER TO COVER ALL OF OUR COSTS IN THAT QUARTER.

A number of factors cause our payments and operating results to vary from quarter to quarter. These factors include:

- o the progression of contracts;

- o the levels of revenues earned on fixed-price and performance-based contracts (including any adjustments in expectations for revenue recognition on fixed-price contracts);

- o the commencement, completion or termination of contracts during any particular quarter;

- o the schedules of government agencies for awarding contracts;

- o the term of awarded contracts; and

- o potential acquisitions.

Changes in the volume of activity and the number of contracts commenced, completed or terminated during any quarter may cause significant variations in our cash flow from operations because a relatively large amount of our expenses are fixed. Moreover, we incur significant operating expenses during the start-up and early stages of large contracts and typically do not receive corresponding payments in that same quarter.

WE ARE CURRENTLY SUBJECT TO INVESTIGATIONS BY THE DISTRICT ATTORNEY'S OFFICE OF NEW YORK COUNTY AND THE UNITED STATES ATTORNEY'S OFFICE FOR THE SOUTHERN DISTRICT OF NEW YORK REGARDING TWO CONTRACTS AWARDED TO US BY THE NEW YORK CITY HUMAN RESOURCES ADMINISTRATION. IF DETERMINED ADVERSELY, WE COULD BE REQUIRED TO PAY PENALTIES AND BE SUBJECT TO ADMINISTRATIVE SANCTIONS.

In January 2000, the New York City Human Resources Administration submitted two contracts that it had awarded to us for the performance of welfare-to-work services to the Comptroller of New York City to be registered. However, the Comptroller refused to register the contracts alleging improprieties in the procurement process and in our conduct. The New York Supreme Court, Appellate Division--First Department ordered the Comptroller to register the contracts in October 2000 after finding no wrongdoing in our conduct. Nevertheless, this matter continues to be the subject of investigations being conducted by certain government agencies. The District Attorney's Office of New York County and the United States Attorney's Office for the Southern District of New York, in response to requests made by the Comptroller, are investigating the facts underlying this matter. These offices reviewed certain of our documents and interviewed some of our employees during the last year. To our knowledge, there has been no recent activity involving these investigations. We believe that our actions were lawful and appropriate. However, if we are found to have engaged in illegal or improper activities, we could be subject to certain penalties and administrative sanctions, which could adversely affect our profits and our reputation.

OUR STOCK PRICE IS VOLATILE.

We first publicly issued common stock on June 13, 1997 at $16.00 per share in our initial public offering. Between June 13, 1997 and April 30, 2001, the closing sale price has ranged from a high of $41.50 per share to a low of $17.00 per share. The market price of our common stock could continue to fluctuate substantially due to a variety of factors, including:

- o quarterly fluctuations in results of operations;
- o the failure to be awarded a significant contract on which we have bid;
- o the termination by a government client of a material contract;
- o the announcement of new services by competitors;
- o political and legislative developments adverse to the privatization of government services;
- o changes in or failure to meet earnings estimates by securities analysts;
- o sales of common stock by existing shareholders or the perception that these sales may occur;
- o adverse judgments or settlements obligating us to pay damages;
- o negative publicity; and
- o loss of key personnel.

In addition, overall volatility has often significantly affected the market prices of securities for reasons unrelated to a company's operating performance. In the past, securities class action litigation has often been commenced against companies that have experienced periods of volatility in the price of their stock. Securities litigation initiated against us could cause us to incur substantial costs and could lead to the diversion of management's attention and resources.

OUR ARTICLES OF INCORPORATION AND BYLAWS INCLUDE PROVISIONS THAT MAY HAVE ANTI-TAKEOVER EFFECTS.

Our Articles of Incorporation and bylaws include provisions that may delay, deter or prevent a takeover attempt that shareholders might consider desirable. For example, our Articles of Incorporation provide that our directors are to be divided into three classes and elected to serve staggered three-year terms. This structure could impede or discourage an attempt to obtain control of us by preventing stockholders from replacing the entire board in a single proxy contest, making it more difficult for a third party to take control of us without the consent of our board of directors. Our Articles of Incorporation further provide that our shareholders may not take any action in writing without a meeting. This prohibition could impede or discourage an attempt to obtain control of us by requiring that any actions required to be taken by shareholders be taken at properly called shareholder meetings.

OUR EXECUTIVE OFFICERS AND DIRECTORS AS A GROUP OWN SUFFICIENT SHARES OF OUR COMMON STOCK TO SIGNIFICANTLY AFFECT THE RESULTS OF ANY SHAREHOLDER VOTE.

Our executive officers and directors beneficially own approximately 34% of our common stock. Two of those individuals, Dr. Mastran and Mr. Ruddy, together beneficially own approximately 32% of our common stock. Mr. Ruddy has agreed to vote his shares of common stock in a manner instructed by Dr. Mastran until September 30, 2001. As a result, these executive officers and directors have the ability to significantly influence the outcome of matters requiring a shareholder vote, including the election of the board of directors, amendments to our organizational documents, or approval of any merger, sale of assets or other major corporate transaction. The interests of these executive officers and directors may differ from yours and these executive officers and directors may be able to delay or prevent us from entering into transactions that would result in a change in control, including transactions in which our shareholders might otherwise receive a premium over the then current market price for their shares.