



NEWS RELEASE

DEFENSE FINANCE AND ACCOUNTING SERVICE
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For External Release

DFAS signs contract with ACS to perform military retiree and annuitant pay services

The Defense Finance and Accounting Service signed a contract today with ACS Government Services of Rockville, Md., to provide pay services to 2.5 million Department of Defense retirees and annuitants whose monthly payroll exceeds \$2.6 billion.

This action is a result of an U.S. Office of Management and Budget Circular A-76 cost comparison study. Originally announced on June 9, 2001, the award to ACS was tentative pending a public review period as required under the A-76 program guidelines. The review period expired in July and appeals were resolved in August. The final analysis shows savings to the government of \$20 million over the life of the contract.

The transition of the workload to ACS will conclude in January 2002. The specific transition tasks include payroll processing for new and existing accounts, customer service call center operations, as well as mailroom and imaging operations.

Currently there are approximately 535 retiree and annuitant service employees at Cleveland and Denver. DFAS is working with its employee union and with ACS to develop a workforce transition plan specific to each site. The plans include options such as employment with the contractor, relocation, re-training for employees placed in new positions, early retirement (if qualified) or placement on a DoD priority placement list.

ACS is a Fortune 1000 company providing information technology and business process outsourcing to commercial and government clients worldwide. ACS, with over \$2 billion of annual revenue, employs nearly 20,000 people in 21 countries.

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