



Reclama Writing Workshop

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Agenda

- **What is a Reclama**
- **Best Practices (Do's/Dont's)**

What is a Reclama?

- When higher headquarters notifies a subordinate activity of a proposed budget reduction, they are offered an opportunity to submit a written response to that proposed reduction. This response is known as a reclama.
- Opportunity for a program office/other entity to “argue” against the proposed reduction.
- Effective reclama “can” prevent/decrease budget reduction
- Can come from anyone, anywhere in your chain-of-command

What is a Reclama?

- **Reclamas can be requested because:**
 - Not effectively using your budget authority
 - Not using your budget authority in a timely manner
 - Higher priority program needs additional funds
 - Management options
 - Just because...
- **Response time is normally very short.**
- **Reclama must be both brief and specific.**
- **PM must decide to:**
 - Accept the entire reduction, or
 - Offer to accept a lesser reduction, or
 - Argue for no reduction.

What is a Reclama?

- A formal reclama generally consists of four parts:
 - (1) Statement of the Issue
 - (2) Explanation of the Variance
 - (3) ******Impact Statement of Proposed Reduction******
 - (4) Recommendation

What is a Reclama?

(1) Statement of the Issue:

- Statement or question as to what higher HQ proposes.
- “FMB (Deputy Assistant Secretary of the Navy for Budget (FMB)) proposes to reduce the ABC Program’s FY 2014 RDT&E funding by \$50 Million”.
- “Can the ABC Program afford a \$50 Million reduction of its 2014 RDT&E funding?”

What is a Reclama?

(2) Explanation of the Variance:

- Short, specific explanation of the variance amount
- Why the program is in the situation that prompted the proposed reduction.
- “As of end of November 2013, the XYZ program had a negative obligation variance of \$4.3 Million, which is only 2.3% of its total allotment. Planned award of prime contract in Oct 2013 was delayed to Mar 2014 because of difficulties in final contract negotiations.”

What is a Reclama?

(3) *****Impact Statement*****:

- “Heart” of a reclama
- **Specific operational impact to the end user/warfighter**
- **Actions that will not be accomplished**
- **Specific programmatic impact**
- **Strength of the impact statement normally determines whether a reclama is effective.**

What is a Reclama?

- **Operational Impact: What capability will not be provided/delayed?**
 - Address in terms of capabilities to the warfighter/user.
 - Be specific about schedule slip (i.e., 9 months) and what the operational impact of the slip will be.
- **Schedule Slip: Can estimate based on efforts' monthly burn rate**
- Monthly average of costs being incurred on the work effort.
- Divide the annual amount of effort by the number of months in the fiscal year.
 - \$60M annual effort / 12 mos = \$5M/mo burn rate
- Divide the proposed budget reduction by that monthly burn rate
 - \$50M proposed budget reduction / \$5M/mo burn rate = ~10 mos slip
- Results in ~number of work-months the effort will not be able to be performed (or would slip) if the proposed budget reduction is implemented.

What is a Reclama?

- **Business Case:** Will the adjustment result in greater cost to the government and/or the government failing to meet its contractual obligations?
 - Be specific (how much? when will additional cost be incurred?)
- **Non-compliance with Policy:** Will the budget adjustment violate direction from senior Service, DoD leadership or Congress.
 - Be specific (whose policy will be violated).
 - What is the operational impact for failing to comply.

What is a Reclama?

- **Other items to consider:**
 - Impacts to the program << impacts to the warfighter/user.
 - Must be believable.
 - What scope will not be accomplished?
 - How does the user feel about losing this scope?
 - How does this impact the program's risk?
 - Impact on major program milestones (PDR, CDR, MS B, MS C, IOC)?
 - Impact on Acquisition Program Baseline (APB)?
 - 6-month slip to major milestone usually = APB schedule parameter breach.
 - Be prepared to submit your APB breach documentation and discuss with your Milestone Decision Authority (MDA).
 - Is there a Return on Investment (ROI)?
 - Most commonly applies to procurement quantity discounts
 - Ex: If this \$50M is not taken, it will save at least one quantity in future years procurement at \$500M per missile.

What is a Reclama?

(4) Recommendation:

•What should be done instead of the proposed action?

- Accept the entire reduction, or
- Offer a lesser reduction, or
- No reduction.
- “Impose no reduction to our Program’s FY 2014 RDT&E funding.”

•Is any “payback” required?

- Specify the month and year(s) “payback” required.
- Include escalation (if appropriate).
- Silence considered as not needing payback.
- “In the event that \$50M of FY14 RDT&E funding is withdrawn, we recommend that \$51.5M of FY15 RDT&E be provided as payback next fiscal year”

What is a Reclama?

- **Is funding not needed, or not needed now?**
 - Strong consideration should be given to accepting part/all of proposed reduction.
 - The reclama would then be written to agree that the proposed amount could be withdrawn from the program.
 - Address out year payback (if required)
 - **VIEWED VERY FAVORABLY BY HQ!**

What is a Reclama?

OVERALL:

- **Ensure consistency within the entire reclama.**
 - If recommend funds not be taken, state clearly adverse impact.
 - If recommend funds may be taken, state only minor impacts (if any).
 - If recommend part of funds may be taken, 2 impact statements should be submitted (1 if the larger amount is taken, another if the smaller amount is taken).

Do's/Dont's

- **DO: Respond only to the question, no more, no less**
 - This is NOT a creative writing drill
 - This is NOT a time to demonstrate your vast knowledge of your program
- **DO: Be brief, just the facts, no time for fluff**
 - Responses often consolidated into summary sheet
- **DO: Know your audience**
 - Assume reviewer does not know your program whatsoever
 - Use non-technical language
 - Spell out acronyms the first time they are used
- **DO: Show an operational impact**
- **DO: Ensure impact is believable**
- **DO: State impact to other programs/services/departments/agencies**

Do's/Dont's

- **DO: Disprove rationale for cut**
- **DO: Be specific about impacts**
- **DO: Present a better alternative (if you have one)**
- **DO: Be Prepared to Carry Out Your Impact**
 - If state proposed budget reduction will result in a major program restructure, be prepared to carry out the restructure.
 - Credibility is very important.
- **DO: Understand difference between reductions to execution year(s) vs. out-year funding**
 - If “execution year” – need to be able to make case funding is needed NOW
 - Especially for RDT&E - since “incrementally” funded, if work has “slipped”, you may not need the funds until a future fiscal year.
 - Will it cause a stop work on your contract?

Do's/Dont's

- **DO: Spell check and proof read**
- **DO: Always respond**
 - Even if you think the reduction is a “done deal.”
 - Documents your position, can use it as leverage for a reprogramming action or some other remedy later.
- **DO: Consider the Percentage of the Reduction as a sanity check**
 - A 5% reduction in one fiscal year should not cause a major program restructure or make the program unexecutable.
- **DO: Learn what your HQs likes and wants in the reclama**
 - Reclama writing is a personal communication with whomever is receiving the document

Do's/Dont's

- **DON'T: Claim you are the “#1 Program in the Navy!”**
 - If you were, you probably would not be targeted for a cut
- **DON'T: Fail to know the audience**
- **DON'T: Claim unexecutability**
 - If cut is small, no one will believe it
 - If cut is large, chance of cancellation grows
- **DON'T: Make statements not supported by facts**
 - Overly optimistic EACs not supported by Earned Value data
 - Poorly performing contractors will not dramatically improve
- **DON'T: Be Chicken Little**
 - The sky will not fall if your program has a little cut
- **DON'T: Blame DFAS (....without extraordinary proof)**
 - Everyone uses DFAS, everyone has same problem
 - Posting lag built into benchmarks

Do's/Dont's

- **DON'T: submit a two to three-page impact statement that essentially says “do not take my money,” but does not explain why.**
 - The impact statement will probably be summarized by reviewers as “No impact.”
- **DON'T: attempt to “Wave the Flag” or state that your program is “Admiral X’s highest priority.” (unless it is... really)**
 - Reduction proposers generally well-aware of priority of programs.
 - Instead need to know specific impact so a sound decision can be made
 - **DON'T: take it personally**
 - **DON'T: blame Continuing Resolution (CR).....unless:**
 - New start
 - Significant ramp-up from previous FY
 - Large Congressional mark AND it doesn't get sustained