



Defense Acquisition University

Reclama Writing Lunch and Learn



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Agenda

- What is a Reclama?
- Best Practices (Do's/Dont's)
- Example Impact Statements
- Exercise

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.
- “SAF/FM (Assistant Secretary of the Air Force for Financial Management and Comptroller) proposes to reduce the ICBM Program’s FY 2014 RDT&E funding by \$50 Million”.
- “Can the ICBM 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 Minuteman III 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: Calculate 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)?
 - Ex: If this \$50M is not taken, it will save at least one missile in future years procurement at \$500M per missile.

What is a Reclama?

Example:

- “If \$50M is cut from the ICBM modernization program, operational testing cannot begin as scheduled and the program will lose its scheduled range time, delaying the program for approximately eight months. This pushes testing into next fiscal year (FY15) while waiting for additional funding. This will result in delay of fielding the system for at least one year, delaying the availability of the modified ICBM to the warfighter. Because ICBM is an ACAT I program, this will also result in a APB schedule breach.”

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).

What is a Reclama?

- WEAK: Will lose one man-year of contractor support needed to produce ICBM modernization kits
- BETTER: Operational test (OT) of the ICBM modernization program will be delayed 8 months because of delays in producing the ICBM modernization kits; delay in OT will delay fielding of the system for at least one year, delaying the combat readiness of the modified ICBM to the warfighter.

What is a Reclama?

- WEAK: Reductions in launch operations and special study support.
- BETTER: Reductions in launch operations and special study support will increase the risk of being able to diagnose anomalies and increase the risk that on-alert combat readiness of Minuteman III missiles is maintained, risking undisrupted weapon availability to the warfighter.

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'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 next 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 Air Force!”
 - 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 “General 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

Reclama Summary

- What is the proposed reduction to your program and why?
- Is the information provided by higher headquarters correct?
- Recommendation:
 - Agree? Disagree? Alternatives? Payback requested?
- What is the impact of proposed reduction:
 - Operational Impact (ALWAYS STATE FIRST!):
 - “Loss of funds will delay operational capability to...perform a task, counter a threat... for...x number of months/years...”
 - “Warfighter will lose xyz capability”
 - “User’s #1 ECP for this system this fiscal year”
 - Ensure user agrees with your version of operational impacts
 - Business Impact:
 - “Delays implementation of flight test by x months”
 - “Cuts RDT&E burn rate of \$x/month by y percent”
 - “Reduces quantity to less than minimum economic annual production”
 - Must be believable -- small cut to a large program will not cause a large problem

Reclama Summary

- When to Reclama?
 - Anytime there is a query on reducing program funds
 - Non answer = ambivalence = funding cut (maybe more than one)
- “Quick and Dirty” Reclama Using Burn Rate
- Bottom Line: provide the most accurate, honest information possible so that decision makers can make an informed decision.