

What is a Specialized Service Facility?

(SAM 03.A.32)

University of Houston policy defines a Specialized Service Facility as follows:

“Highly complex or specialized facilities operated by colleges, divisions, or departments that offer goods and/or services to, and receive recovered costs from, federally sponsored activities of the University of Houston System. Examples include, but are not limited to, telecommunication centers, super computers, animal care facilities, wind tunnels and reactors.” (SAM 03.A.32.3.7)

In looking at the definition of a Specialized Service Facility (SSF), it must always be remembered that while an activity may provide goods and/or services to other UH departments, faculty and staff members, and students, **the activity will not be considered an SSF unless it provides goods and/or services to a federally sponsored activity at UH.** In other words, just because an activity provides goods and/or services to UH departments, faculty and staff members, and students does not necessarily mean that the activity qualifies for treatment as an SSF. The only time the activity qualifies for treatment as an SSF is when it provides goods and/or services to a federally sponsored activity at UH.

However, once an activity anticipates providing goods and/or services to a federally sponsored activity at UH, then it must comply with the provisions set forth in SAM 03.A.32 to ensure that all costs associated with providing goods and/or services to federally sponsored users are identified, recovered exclusively from the federally sponsored users, and specifically excluded from the university's Facilities and Administrative Rate computations. SAM 03.A.32 was developed to ensure compliance with the provisions set forth in OMB Circular A-21, PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS, CONTRACTS, AND OTHER AGREEMENTS WITH EDUCATIONAL INSTITUTIONS, Section J.47, which states:

47. Specialized service facilities.
 - a. The costs of services provided by highly complex or specialized facilities operated by the institution, such as computers, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either subsection 47.b. or 47.c. and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under subsection C.5. of this Circular.
 - b. The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that
 - (1) does not discriminate against federally supported activities of the institution, including usage by the institution for internal purposes, and
 - (2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all F&A costs. Rates shall be adjusted at least biennially, and shall take into consideration over/under applied costs of the previous period(s).
 - c. Where the costs incurred for a service are not material, they may be allocated as F&A costs.

All other on-campus service providers that do not provide goods or services to federally-sponsored activities are governed by state procurement regulations and guidelines [e.g., State Comptroller Fiscal Policies and Procedures FPP 1.004 (FM 95-115): Purchase Guidelines for On-Campus Service Centers

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and Auxiliary Enterprises] and other university policies and procedures pertaining to procurement, finance, and accounting (i.e., SAMs and MAPPs).