



The Time-Space Percentage

- Time formula:

$$\frac{\text{\# hours home used for business}}{\text{Total \# hours in a year}} = \text{Time percent}$$

- Include in this calculation hours spent in the home on business activities:
 - Caring for children, from when the first child arrives until the last child leaves
 - Cleaning up the house for the business before and after the children are present
 - Meal preparation for the children in care
 - Preparing activities for the children in care
 - Interviewing prospective parents
 - Talking to parents on the phone
 - Keeping business records and preparing taxes
 - Meal planning and preparing shopping lists for the business
 - Filling out paperwork for the Child and Adult Care Food Program
 - Spending time on the Internet for business purposes

Note:

- Providers may not count time twice if they are caring for children and engaged in some business activity described above.
- Providers may not count hours spent away from home in activities such as shopping or transporting children to school.

Time-Space percentage is the single most important number to calculate in the family child care business.

Time-Space formula:

Time Percent		Space Percent		
$\frac{\text{\# hours home used for business}}{\text{Total \# hours in a year}}$	X	$\frac{\text{\# square feet of home used regularly for business}}{\text{Total \# square feet in home}}$	=	Time-Space percentage

- Use this formula to allocate business use of shared business and personal expenses such as:
 - House repairs and maintenance
 - House depreciation
 - Property tax
 - Mortgage interest
 - House Rent
 - Utilities (gas, oil, electric, garbage, water, sewer, cable television)
 - House insurance

- Home improvements
- Personal property depreciation (including furniture, appliances, play equipment, computer, TV, VCR, radio, tape recorder, piano)
- Land improvements
- Toys, cleaning supplies, yard supplies

Note: Instead of using the Time-Space percentage, providers may allocate business use for the above items by calculating an actual business use percentage, if they can document their calculation.

For further information, see *The Family Child Care Record Keeping Guide*, Redleaf Press, 1-800-423-8309.

This handout was produced by Think Small (www.thinksmall.org). For additional family child care business publications, contact Think Small's publishing division, Redleaf Press, at 800-423-8309 or visit www.redleafpress.org.