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:

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

- 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.