



What is the Time-Space Calculation?

Learn how to calculate the percentage of your home used for business

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**Office of Early
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Introduction

As a Family Child Care Home provider, many of your expenses are for both your business and your personal home use. So, how do you figure out how much of your expenses are considered business expenses? The answer is simpler than you may think.

Using the Time-Space Calculation, child care programs can request reimbursement from the Child Care Relief Fund for common expenses incurred by in-home child care services such as:

- Rent
- Mortgage
- Property Taxes
- Utilities
- Other housing expenses that are necessary for your in-home business, such as maintenance and repairs

In addition to being helpful for figuring out your payment requests for the Child Care Relief Fund, the Time-Space Calculation also determines the percentage you can deduct on your federal income taxes.

If you have expenses that are solely dedicated to your business and have no elements of common use (e.g., a phone line that is only for the child care, the purchase of outdoor equipment for the children, etc.) those expenses can be reimbursed at 100% of cost and are not subject to the Time-Space Calculation.

How does the Time-Space Calculation work?

Your Time-Space Percentage represents the portion of your expenses incurred for your home that you can attribute to your business. The Time-Space Calculation is a series of simple steps that you can use to find the percentage of your home expenses that you can attribute to business use. It considers the amount of time your home is used for business and the space within your home that is used for business.

In your Time-Space Percentage, you will classify your Space as either **regular use** or **exclusive use**.

Regular use areas may be used all day (such as a play area) or for only part of the day (such as napping areas). These areas are considered regular use because these spaces have other uses during non-business hours for your personal use. Whether the space is used all day or just part of the day for your business, it counts toward your space calculation. Add the square footage of each of your regularly used spaces together to determine the area of your home that you use regularly for your child care business.

Exclusive use areas are only used for the child care program and nothing else. These are considered exclusive use because you and other members of your household do not use the space at all other than for child care business purposes. Add the square footage of each of your exclusively used spaces together to determine the area of your home that you exclusively use for your child care business.

The Time portion of the Time-Space calculation weighs how much time regularly used areas are used for the business. Exclusively used spaces are weighted at 100%, because there are no other use for those spaces, whereas regularly used spaces are weighted at the portion of time you use your home for business purposes.

How do I calculate my Time-Space Percentage?

Using the steps below, you can easily determine how many of your expenses can be reimbursed using grant funds or be deducted on your federal income taxes.

Step 1. Determine the square footage of the area in your home that you regularly use for your child care space.

To calculate square footage, you will first need to measure the length and width of your space.

1. Using a tape measure, fix a tape measure to one end of the longest wall in your space and extend it to the other end
2. Record this measurement (in feet, not inches)
3. Next, fix a tape measure to one end of the shortest wall in your space and extend it to the other end
4. Record this measurement (in feet, not inches)
5. Next, multiply the length measurement by the width measurement to find your square footage:

$$\text{Length} \times \text{Width} = \text{Square Footage}$$

For example, if your space is 12 feet long and 10 feet wide, your square footage would be 120 square feet.

$$12 \text{ feet} \times 10 \text{ feet} = 120 \text{ square feet}$$

For oddly shaped spaces, such as rooms with an extra nook or filled by a closet, break your room into smaller rectangular blocks, use the square footage calculation for each block, and add the totals together.

Step 2. Divide the square footage of regularly used child care space by the square footage of your home to determine a percentage.

Take the number of square feet of the childcare space and divide it by the total square footage of your home.

For example, if you regularly use 500 square feet of your home for childcare space, and the home is 1,000 square feet, then the result is 0.50. Multiply that number by 100 to get the percentage: 50%.

It's important to note that the square footage for outdoor areas cannot be included in the Time-Space Calculation. However, external spaces that are physically attached to the home that are regularly used for child care (i.e., a deck) can be included in your space calculation.

Step 3. Determine the amount of time your home was used for child care during the year.

Calculate how many hours your childcare space is open per week, including time you spend preparing and cleaning up when the children are not present. Multiply this number by the number of weeks you were open for service and add any work hours you performed while you were closed.

For example, if your business is open 10 hours per day for childcare, but you spend an hour beforehand preparing and an hour after cleaning up, that's 12 hours per day, five days per week.

Let's say you closed for two weeks, but during that time, you spent 10 hours total maintaining the childcare space and preparing for reopening.

Now, let's do the math: 12 hours per day x 5 days per week x 50 weeks open + 10 hours when you were closed = 3,010 hours.

Step 4. Divide the hours your home was used for childcare by the total hours in a year.

For example, let's divide the 3,010 hours calculated above by 8,760 (the total number of hours in a year). That gets us 0.344. Multiply that by 100 to get the percentage: 34.4%.

Step 5. Multiply the percentage of the space regularly used in your home by the percentage of time your home is used for business to determine what portion of your in-home expenses are for the business.

Take the square footage percentage and the hours per year percentage and multiply them together.

*In our example, that'd be 50% (or 0.50) by 34.4% (or .0344).
0.50 x 0.344 = 0.172, or 17.2%.*

This is the amount you can deduct from your home expenses for your in-home childcare service when considering your regularly used space.

Step 6. Divide the exclusively used space by the total square footage of the home and add it to the result from step 5.

First, determine the percentage of your home used exclusively for your child care program using the method outlined in Steps 1 and 2. Again, these are spaces only used for your child care business and not for personal use.

For example, if you have an exclusive use space that is 100 square feet in addition to your regularly used space in your 1,000 square foot home, then divide 100 by the total square footage of your home (1,000 square feet). That is 10% (or 0.10).

0.10 exclusive use space + 0.172 regular use space = 0.272, or 27.2%.

This is the percentage that you can apply to your shared home/business expenses for your in-home child care service when claiming business use of home at tax time or for grants. You can also use this [helpful worksheet](#) to calculate your Time-Space Percentage.

When using your Time-Space Calculation for tax purposes, providers are encouraged to review the [IRS Instructions for Form 8829, Expenses for Business Use of Your Home](#) or consult with your professional tax preparer.



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