

Fiscal Check-Up for Family Child Care Part 3: Time-Space Percentage—A Number Worth Knowing

BY ROBYN KELTON

Note: This resource is part of a series focused on fiscal check-ups for family child care providers. Read the rest of the series here: [Part 1](#) | [Part 2](#)

Part 2 in this blog series, [Fiscal Check-Up for Family Child Care Part 2: Tips for Tracking Actuals and Budgeting](#), briefly mentioned how you might use your Time-Space Percentage to determine the tax deduction allowed for the business use of your home. This blog addresses what Time-Space Percentage is and how it can be used.

If you are a family child care provider who cares for children in your home, then according to the National Association for Family Child Care (NAFCC), “The most important number in a family child care provider’s business is her Time-Space Percentage” (NAFCC, n.d.). Those of us who work with the *Business Administration Scale for Family Child Care* (BAS) tend to agree with that statement!

“What’s so great about Time-Space Percentage?” you might ask? For family child care providers operating programs in their home, the Time-Space Percentage is the percent of shared business and personal expenses that can be deducted on taxes as a business expense (Copeland, 2011). And more tax deductions mean more money saved. Because these family child care providers use their home for their business, they have the opportunity to calculate the percent of the year the home was used for business and the percent of the square footage of the home that was used for the business, resulting in their Time-Space Percentage—that number worth knowing (Copeland, 2011).

Once a provider has correctly calculated their Time-Space Percentage, they can then apply that percentage to a variety of shared business and personal expenses in order to claim tax deductions. For example, if a provider’s Time-Space Percentage is 33% she can deduct 33% off the shared personal and business expenses related to the business use of her home. This would mean 33% of her rent or mortgage interest would be deductible, 33% of her utilities would be deductible, 33% of home repairs, 33% of cleaning and laundry supplies she buys and then uses for both the business and personally, and 33% of furniture purchased for rooms used by both the provider and her family as well as the child care business could be deducted, you get the picture. In essence, Time-Space Percentage may boil down to a lot of money in tax deductions for providers. When it comes to calculating your own Time-Space Percentage, you will need to start with two important things: 1) records to substantiate purchases and time worked in the home and 2) a tax preparer with specialized knowledge about family child care (Talan & Bloom, 2018). For examples of possible shared expenses that can be included using the Time-Space Percentage, use the following list from Item 5: Recordkeeping in the BAS.

Revised: 02/27/2020

Expenses are shared if they are for supplies or services that are used in the family child care business and are also personally used by the provider or the provider's family. Some examples of shared expenses may include:

- food
- toilet paper
- cleaning and laundry supplies
- furniture
- toys
- mortgage interest/rent
- utilities
- home insurance
- real estate taxes
- home repair
- outdoor maintenance
- other _____

I also recommend checking out Tom Copeland's blog posts on the subject (see the References below). As an attorney with decades of experience in the business of family child care, Tom walks you through the formula for calculating your Time-Space Percentage and what to look for in a tax preparer (Copeland, 2011; Copeland 2020).

If you are interested in receiving training on the BAS, the McCormick Center for Early Childhood Leadership offers several opportunities including an upcoming BAS Reliability Training, March 24-27, 2020. More information can be found here: <https://mccormickcenter.nl.edu/events/business-administration-scale-bas-reliability-training-032419/>

If you would like to join a Community of Practice (CoP) of family child care providers to learn more about financial operations for family child care providers and many other business topics, attend the [7th Taking the Lead \(TTL\) leadership academy](#) in Chicago, Illinois from October, 2020 – June 2021.

References

Copeland, T. (2020, February 24). Calculate Your Own Time-Space Percentage. <http://tomcopelandblog.com/calculate-your-own-time-space-percentage>

Copeland, T. (2020, January 16). How to Find, Choose, and Work with a Tax Professional. *Taking Care of Business*. <http://tomcopelandblog.com/how-to-find-choose-and-work-with-a-tax-professional-2>

Copeland, T. (2011, January 27). Time-Space Percentage Quiz. *Taking Care of Business*. <http://tomcopelandblog.com/the-time-space-percentage-quiz>

Revised: 2/27/2020

National Association for Family Child Care (n.d) *The Time-Space Percentage*. National Association for Family Child Care. <https://www.nafcc.org/Time-Space-Percentage>

Talan, T. & Bloom, P. J. (2018). *The Business Administration Scale for Family Child Care*. Teachers College Press.

Robyn Kelton, M.A., is a Quality Training Specialist for the McCormick Center for Early Childhood Leadership at National Louis University (NLU). Robyn conducts training and research on the Business Administration Scale for Family Child Care (BAS) and the Program Administration Scale (PAS) and serves as a national reliability anchor for both tools. In addition, Robyn reviews BAS and PAS assessments for the assessor certification system. Robyn holds a Bachelor of Arts degree in psychology from the University of Kansas and a Master of Arts degree in psychology with an advanced certificate of study in organizational psychology from NLU. Robyn is currently a doctoral student in the brain, behavior, and quantitative science psychology program at the University of Kansas. Prior to joining the McCormick Center, Robyn spent three years as a lead teacher in a kindergarten classroom for an after-school program. Robyn's research interests include leadership in early care and education, family child care, child development, and autobiographical memory.

Revised: 2/27/2020