

# Buying or Selling a Regulated Child Care Facility?

Whether buying an existing child care business, building, or property that remains in operation or changing ownership type it's important to understand the process for transferring ownership of a regulated child care program.

- The **seller must contact their regional licensing office** to inform DCF of the sale of the facility. It's recommended the seller consult with their licensor in the early stages of the transfer, when possible. Informing the licensor of their intentions to sell, and the anticipated timeline, enables the licensing specialist to provide information that may be useful in ensuring a seamless transition of services to children and families. DCF will work with both parties in attempt to minimize disruption of services to families.
- As a **buyer, consider contacting the regional licensing office to learn about the requirements** associated with the purchase and/or transfer of a child care business from one owner to another.
- **DCF cannot provide either party with legal, tax, or other financial advice.** You may wish to consult with an attorney, accountant, business broker, or financial advisor to minimize potential liability issues and tax implications.
- **It is important to understand how the sale of a child care business may impact:**
  - [Regulation/licensing](#) of the program
  - [YoungStar](#) participation and rating
  - [Wisconsin Shares](#) authorizations
  - [FIS](#) contract
  - [Child Care Counts](#) (CCC) eligibility/payments

**NOTE: There is no guarantee that a license will be issued to the new owner. The new owner is subject to Child Care Background Check requirements and all requirements under [DCF administrative rules](#).**

## Will the Tax ID be changing?

**Under most circumstances, the new owner/prospective licensee submits to DCF a new application for licensure, including a new Tax-payer ID.** Sellers and buyers must consult and communicate with the DCF licensing specialist to determine if a new application is required. Under certain circumstances, the Provider Number associated with the facility and Tax ID will not change, ensuring the facility's compliance history, YoungStar rating, and Wisconsin Shares authorizations remain in place under new ownership. However, when circumstances require a new Provider Number this will require:

- A new [YoungStar](#) contract and rating

- New [Wisconsin Shares](#) authorizations for families
- A new [FIS](#) contract

Additionally, if the buyer does not currently own nor has previously owned a child care facility, they may be required to complete the pre-licensing process with [Supporting Families Together Association \(SFTA\)](#).

## **Have you developed an exit plan?**

Having a business exit strategy will help to ensure the successful transfer of the business. **Things to consider that impact your exit planning decisions may include:**

- **Are you transferring ownership of a business that's been formed as an LLC?** Carefully follow the buy-sell procedures in your Operating Agreement or Articles of Organization.
- **Is the buyer purchasing your entire LLC or buying just the assets?** Selling an LLC has complex tax, legal, and financial requirements and obligations. It may be helpful to consult with a specialized business attorney to help you draw up and manage the sale.
- **Transferring or selling ownership of sole-proprietorships, nonprofits, partnerships, and corporations vary, so you may want to seek out special legal advice.**
- To mitigate complications and liability issues, it is recommended you **consult with an attorney, accountant, business broker, or financial advisor.**
- **Remember to inform the financial institution where your business has accounts of the change in ownership or control of the LLC.** The new owner may need to establish a new account in order to receive payments from FIS.
- If the business is a corporation, **will the board of directors' change?**
- **The IRS will need to know about the change of ownership.** This may require the new owner to get a different Employer Identification Number (EIN). Inform the IRS of any change in the "Responsible Party" for an LLC.
- **Will the buyer be purchasing or leasing the building?** Is there a lease that needs to be renewed or transferred?
- You may need to **notify suppliers, partners, lenders, distributors, and others of any change in ownership,** depending on the agreement you have with them.
- **Will there be a gap in time between the seller closing the business and the buyer opening back up?** Keep in mind the child care center is not eligible to receive Wisconsin Shares or Child Care Counts funding unless it is in operation and serving children.
- **A new licensee or designee will be required to successfully complete a child care background check.** This may be requested prior to the sale/transfer of the

business using the [iChildCare Portal](#). A background check request may also be made on conjunction with the submission of a new application for licensure.

***The considerations provided above are for informational purposes and do not constitute legal advice.***

### **Did the previous owner receive Wisconsin Shares funding?**

For a short time, the facility may continue to receive revenue (private pay and/or Wisconsin Shares subsidy) for services provided under the seller's ownership. The buyer will need to provide that money to the seller and the funds applied to the accurate family account(s).

- Visit: [How to Ensure Continuity of Wisconsin Shares Authorizations During Child Care Program Transitions](#)

### **Did the seller apply for or receive Child Care Counts funding?**

See the **Facility Closures and Change of Ownership** section of the [Frequently Asked Questions](#) for additional information.

## **Contact Information**

- [Regional Licensing Office Contacts webpage](#)
- **Child Care Background Check Unit:** [DCFlicBECRCBU@wisconsin.gov](mailto:DCFlicBECRCBU@wisconsin.gov) or 608-422-7400
- **Child Care Counts:** [DCFDECECOVID19CCPayments@wisconsin.gov](mailto:DCFDECECOVID19CCPayments@wisconsin.gov)

## **IRS Sale of a Business**

- See the [IRS Sale of a Small Business](#) webpage for more information.

## **DCF Resources**

- [Starting a Licensed Child Care webpage](#)
- [Child Care Background Check Requirements](#)
- [Child Care Counts webpage](#)