

\$3.3 million in funds tied to repayment of debt State demands \$11M back

from UCP

By ANEMONA HARTOCOLLIS

Legislative leaders in Albany agreed yesterday to block \$3.3 million in operating assistance for United Cerebral Palsy, until the agency promises to pay the state a multi-million-dollar debt.

Their demand stems from a recent audit finding that United Cerebral Palsy Associations of New York State, a charitable agency serving the mentally retarded, improperly kept \$11 million in Medicaid reimbursement during 1979 and 1980.

The Medicaid funds were paid to the Karl D. Warner Center, a 450-bed institution for the retarded run by United Cerebral Palsy in Willowbrook.

Assemblywoman Elizabeth A. Connelly said lawmakers had decided to withhold further state aid from the Warner Center, "until we can get a written agreement, as a guarantee the money will be paid back."

The Legislature agreed to allocate \$3.3 million to the Warner Center in the next fiscal year, starting April 1, according to Mrs. Connelly, a West Brighton

Democrat who chairs the Assembly Mental Health Committee. But, she added, "We wanted to tie strings to it."

Midge McGraw, a spokesman for the state Office of Mental Retardation and Developmental Disabilities, said United Cerebral Palsy was expected to comply with the request for an IOU. "We don't anticipate any problem living up to the language of the appropriation bill," she said.

A clause inserted by Mrs. Connelly into the Legislature's 1983 budget requires United Cerebral Palsy to submit a repayment schedule by next July 31. The clause orders copies of the IOU for state Comptroller Edward V. Regan, Senate Finance Committee Chairman John J. Marchi and Assembly Ways and Means Committee Chairman Arthur J. Kremer.

Miss McGraw suggested it was unlikely Gov. Carey would veto the clause and relieve United Cerebral Palsy of the commitment to a repayment schedule. She added, however, that the state Budget Division is still reviewing the agency's debt, and it may

find differently from the auditor.

The disputed \$11 million covered the cost of employees and utilities provided by the state to the Warner Center. A state-commissioned audit by the private firm of Deloitte, Haskins & Sells concluded that United Cerebral Palsy kept the Medicaid funds instead of turning them over to the state.

Regan, the state comptroller, is contemplating his own audit to determine whether United Cerebral Palsy earned interest on the excess Medicaid funds during the past three years, according to state officials.

The Warner Center, operated by United Cerebral Palsy on the grounds of the state-run Staten Island Developmental Center since 1977, has a total operating budget of \$20 million annually. That budget consists primarily of state and federal Medicaid funds.