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automatically on whatever an agency spends," he said.

Dullea said the administration has not given up on its contract with United Cerebral Palsy. Stalled talks to explore the agency's fiscal problems resumed yesterday.

In a desperate bid to save the agency, scores of employees have called politicians, including Assemblywoman Elizabeth A. Connelly of West Brighton, Sen. Daniel P. Moynihan and Sen. Alfonse D'Amato. Nearly 300 employees of United Cerebral Palsy demonstrated on company time Monday outside state offices at the World Trade Center in Manhattan.

Mrs. Connelly said that her Staten Island office received "more than 50" telephone calls Tuesday from people who seemed to be reading a prepared message, asking her to arrange a meeting between Schonhorn and Gov. Mario M. Cuomo.

"It is an orchestrated effort to get me to step in," Mrs. Connelly said. "But I don't think this is a matter for the governor. I think it is unfair to the parents, the clients and the staff -- this is a terrible situation for them to be in."

The agency runs the 310-bed Karl D. Warner Center in Willowbrook, the 54-bed Nina Eaton Center in South Beach, the 52-bed Castle Hill Center in the Bronx and 61 apartments for 250 patients throughout the city. United Cerebral Palsy spends \$50 million a year, mostly in state and federal Medicaid grants, according to Schonhorn. United Cerebral Palsy was hired in 1977. The state asked the

agency to help it comply with a federal court order to clean up the Staten Island Developmental Center, known as Willowbrook.

Schonhorn says the patients have nothing to look forward to if they are returned to state care. "It means true deprivation for these people," he said. "It means a lack of training, it means cockroaches and mice, and it means people having to eat where they defecate."

He accuses the state of forcing him out of business, in order to free up the 2,000 jobs now filled by United Cerebral Palsy employees. He says the state wants to offer those jobs to 2,384 of its own workers, who are scheduled to be laid off.

But Miss McGraw says Schonhorn's statements are "absurd." The state ordered his agency to contain costs last July, she said, well before any plan for layoffs.

The quality of state care has improved dramatically since the late Sen. Robert R. Kennedy called Willowbrook "a snakepit," according to Miss McGraw. "That is no longer relevant and factual," she said. "Those days are gone."

United Cerebral Palsy's institutions are state-owned, and the patients would not be moved, Miss McGraw said. But she said it was not clear if the state could hold on to the agency's rented apartments, or if 250 people would be sent from the community back to institutions.

Although the state once sought out non-profit agencies because they were cheaper than government services, officials say that is no longer true in the case of United Cerebral Palsy. The Medicaid rate for the

Staten Island Developmental Center is \$155.68 per patient per day, according to the center's comptroller, Anatoli Kobryn. United Cerebral Palsy gets \$159.40 at the Warner Center and \$107.40 at Nina Eaton, according to Miss McGraw.

The agency's Medicaid rate would be even higher, but the state is deducting money to repay the funds United Cerebral Palsy overspent, according to Dullea.

It is not the first time United Cerebral Palsy's financial practices have been criticized. In June 1981, the Advance reviewed agency documents provided by employees and reported questionable financial and clinical practices, including:

- A Medicaid-funded subcontract for security guards awarded to the vice president for finance of the agency's board of directors.

- The use of mentally retarded patients' personal funds to pur-

chase merchandise from the agency's clothing store at prices higher than retail.

- The death of a 23-year-old mentally retarded woman during dental treatment performed without proper consent, which the agency failed to report as required by state regulations.

An audit performed for the state in October 1981 by the private firm of Deloitte, Haskins & Sells confirmed the Advance articles.

The auditors concluded that United Cerebral Palsy exercised "poor control" over agency finances. Their report said: "Records were randomly stored wherever space was available. There were missing pages and invoices were filed in the wrong accounting periods."

United Cerebral Palsy was censured by the state Commission on Quality of Care for the Mentally Disabled in the case of Dothel White, the patient who died.

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