

Top 2 Officials Fired At Spy Satellite Office

Agency Had Secretly Accumulated Funds

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Defense Secretary William J. Perry and Director of Central Intelligence John M. Deutch yesterday fired the top two officials of the National Reconnaissance Office (NRO), the embattled, multibillion-dollar agency that builds and manages intelligence satellites.

NRO Director Jeffrey K. Harris and Deputy Director Jimmie D. Hill, longtime employees of the once-secret agency, were "asked . . . to step down" by Perry and Deutch, the CIA and Defense Department announced yesterday. They will be given other jobs within the intelligence community, the announcement said.

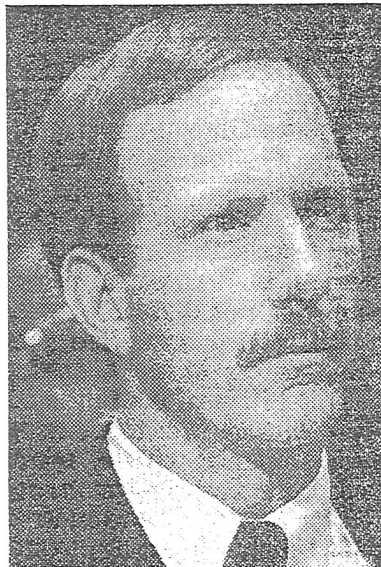
The action followed Deutch's grilling Friday by Sen. Arlen Specter (R-Pa.) at a hearing of the Senate Select Committee on Intelligence. Deutch refused to say how much the NRO had secretly accumulated to spend on highly sensitive intelligence satellite programs, a figure believed to have grown to about \$2 billion.

Senate investigators last year discovered that NRO had salted away about \$1.2 billion, but the total grew this year by \$800 million when the previously approved money went to pay for other Defense Department programs, including U.S. forces in Bosnia.

Congress began focusing on NRO's financial management two years ago when the Senate intelligence panel discovered that the agency was building a \$300 million headquarters complex in Fairfax using money it had accumulated within its operating budget.

Neither Harris nor Hill was accused of mismanagement at the time, although Deutch installed a new chief financial officer at NRO early last year.

NRO and CIA officials said there is no indication that funds have been



JEFFREY K. HARRIS
... ousted as NRO director

lost and that eventually the \$2 billion will have to be replaced as satellite programs continue to be developed.

Keith R. Hall was named as new NRO deputy director. Currently Deutch's executive director for intelligence community affairs and formerly deputy staff director of the Senate committee, Hall also will

function as acting director until a new head of NRO is named.

A senior intelligence official said Deutch had been "grappling for several months" with the question of what to do with Harris and Hill and decided early last week that he had lost confidence in them.

At Friday's hearing, Deutch also said he would make no major changes in NRO's funding until he received recommendations, expected later this week, from the president's commission on the future of the intelligence community.

Specter, who chairs the intelligence committee, argued Friday that Deutch should make public the exact amount NRO had accumulated. But Deutch declined, saying that without a broader understanding of NRO's activities "the public would not have the correct impression of NRO."

NRO was formed in 1960, at the height of the Cold War, to manage the new and highly sensitive satellite intelligence program. Its existence and even its name were officially classified and, as its program grew increasingly successful, presidents and Congress were willing to give it all the funds it said it needed.

It was not until 1992, when its identity was widely known and the Cold War was over, that NRO could be named in a government press release.