

CORPORATION FOR PUBLIC BROADCASTING

REPORT TO CONGRESS ON ACTIVITIES AND EXPENDITURES OF THE INDEPENDENT TELEVISION SERVICE (ITVS) IN FISCAL YEAR 2000

Introduction

The Corporation for Public Broadcasting's (CPB) authorizing legislation instructs CPB to provide adequate funds for an independent television production service for fiscal year (FY) 1990 and succeeding fiscal years – 47 U.S.C. 396(k)(3)(B)(iii)(I). As an entity separate from CPB, the independent production service was established for the purpose of contracting with CPB to fund public television programs produced by independent producers and independent production entities. As required by law, CPB ensures that the funds provided to independent producers are used to further our goals of expanding diversity and innovation in programming available to public broadcasting. The statute further requires that CPB report annually to Congress “regarding the activities and expenditures of the independent production service.” This report summarizes the activities and expenditures of the ITVS for the fiscal year (FY) 2000.

The Independent Television Service was incorporated on September 22, 1989. ITVS was originally headquartered in St. Paul, Minnesota. In 1997, ITVS moved its headquarters to San Francisco. Currently ITVS employs a professional staff consisting of 29 full and part time positions headed by an executive director, and has a 13-member board of directors. The board membership includes independent producers, media arts center executives and programmers, public television personnel, academics, and independent media activists. The National Coalition of Independent Public Broadcasting Producers (NCIPBP) prepares an annual slate of nominees for the ITVS board. CPB approves the slate before new nominees are seated on the ITVS board.

CPB Support of ITVS and Independent Producers

CPB is committed to funding TV programming that “involves creative risks and that addresses the needs of unserved and underserved audiences, particularly children and minorities.”¹

In FY 2000 CPB received \$298,860,000 in total appropriation.² Based on the legislatively defined formula for CPB funding allocations, the total TV programming money available in FY 2000 was \$54,562,500 including interest income. CPB distributed these funds to develop programming from diverse sources in several different ways.

Approximately half of the TV programming dollars in FY 2000 were committed to the PBS National Program Service and a joint CPB/PBS Program Challenge Fund. Of the remaining funds, CPB provided \$7,000,000 to ITVS for program production. Additionally, CPB provided \$699,386 toward ITVS operations from its system support budget³ in FY 2000. CPB support of ITVS since its initial year (1990) totaled \$85,168,348 by the end of FY 2000.

It is important to note that ITVS is not the only source of funding for independent producers interested in producing for public television. Independent producers also receive funding from several other CPB supported funding sources including the National Minority Consortia, the CPB General Program Fund, the CPB/PBS Program Challenge Fund and the PBS National Program Service (NPS).

Examples of support given to projects by independent producers through these funding sources include:

- In FY 2000, CPB provided the National Minority Consortia a total of \$4,720,437 in funding, of which \$3,181,815 went toward program production. The five-member Consortia provide production funding to independent producers and support innovative content development of particular interest to, and addressing the needs of, minority communities. Support of the Consortia has been an on-going commitment of CPB for over 20 years.
- CPB’s General Program Fund is also used to directly fund independent producers. In FY 2000, CPB supported 14 television projects by independent producers, totaling \$2,352,394.
- CPB/PBS Program Challenge Fund provided \$2,348,516 (\$1,174,258 from CPB's investment) to support three projects by independent producers in FY 2000.

¹ Communications Act of 1934, as amended, Section 396 (a)(6).

² CPB appropriation was \$300,000,000 and the rescission amounted to \$1,140,000 in FY 2000.

³ The CPB budget allocation formula tracks system support and TV programming funds separately.

- Backed by the annual CPB investment in the NPS, major PBS national program strands such as *American Experience*, *American Masters*, and *Great Performances* regularly acquire programs from independent producers and offer them as part of their season lineup. Exact dollar figures are not available for the support of independent producers through these vehicles because CPB funds are categorized as support toward the strand’s full season, and are typically not allocated against any specific show episodes.

Within CPB’s portfolio of independent programming investments, ITVS serves several key roles. First, ITVS was conceived and is overseen by the independent field as a separate nonprofit corporation with the goal to foster an improved cooperative relationship between the independent production community and the public broadcasting system. Second, in addition to providing funding, ITVS provides packaging services including scheduling, press/promotion, community outreach campaigns, and station relations to cultivate an ongoing base of audience support, both among viewers and stations for independent programming.

ITVS Operations and Administration

At the beginning of FY 2000, ITVS employed 18 staff including two part time staff members. Throughout the year, ITVS steadily expanded its operational capacity and increased the staff roster to 21 by October 2000, including two part time positions. During the same period, ITVS increased the number of total budgeted staff positions from 21 to 27, including those that remained vacant during the year. (See the Appendix A: ITVS Organizational Chart as of October 20, 2000.) The increase in staff supported an expansion of programming and production funding activities.

After six years at the helm of ITVS, Jim Yee stepped down as executive director in May 2000, due to illness. He passed away in March 2001, leaving a legacy of 20 years of service to public broadcasting.⁴ Under his leadership, ITVS grew into a stable and viable independent production service entity.

Judy Tam, Director of Finance and Operations, stepped in as acting Executive Director while continuing her responsibilities as chief operating and finance officer, and managed ITVS through its transitional period, which included planning for the organization’s tenth anniversary activities around the country to take place in 2001.

Program Funding Activity

ITVS uses two distinct approaches for generating the innovative programming it supports—the general solicitation (“open call”) and a focused programming approach.

⁴ The CPB Board of Directors adopted a resolution of condolences to the Yee Family during its May 2001 board meeting. (See the Appendix B: CPB Board of Directors Resolution of May 1, 2001.)

The general solicitation (“open call”) encourages a broad diversity of subjects, while the focused programming approach encourages producers to develop programs built around specific issues of public interest or a particular theme.

ITVS undertakes a variety of efforts to publicize its funding opportunities to producers of color and others underrepresented in the public and national media. ITVS uses its extensive mailing list of independent producers and public broadcasters throughout the nation, print and broadcast media and its Website, *www.itvs.com*, to announce funding initiatives.

In FY 2000, ITVS generated the following solicitations:

Open Call 99 issued fall 1999: a total of 233 applications were received, of which 27 were advanced to the second phase of screening. Eleven projects were ultimately recommended for funding but one applicant withdrew.

Digital Video 99 issued fall 1999: a total of 478 applications were received in response to ITVS’s first-ever attempt to systematically encourage digital video productions. Ten projects were recommended for funding.

Open Call 2K/Round 1: Five projects were ultimately selected for funding.

Open Call 2K/Round 2: a total of 225 applications were received, of which 32 were selected to progress to the second phase of screening. Nine projects were recommended for funding.

LInCS 2K: a total of 38 applications were received from independent producer/station partnerships of which 13 were selected for funding.

At any given moment during FY 2000, ITVS staff oversaw 75 productions resulting from these and prior year solicitations. (See the Appendix C: CPB-ITVS Production Report for FY 2000 Funds.⁵)

Program Funding Decisions

The process for selecting programs to be funded varies. However, after initial screening by ITVS staff, external readers, who represent a broad cross-section of the nation, review the proposals. Worthy projects are then forwarded to a final review panel, which makes funding recommendations to ITVS. The Executive Director of ITVS gives final approval to panel-recommended projects.

ITVS maintains a public file in its San Francisco office, which contains the following information about projects selected for funding:

⁵ The attached Production Report covers only those with executed production agreements. A number of FY 2000 funded projects were under active contract negotiation at the end of FY 2000.

- Producer’s final financial report (ITVS report form)
- Selections list (lists the criteria and reasons for which a program was selected for funding)
- Initiative list (indicates the initiative under which a program was funded)
- Narrative report (ITVS report form that lists a brief description of a program, other program funders, and minority status of the program’s producer)

ITVS policy allows proposals that do not receive funding to be resubmitted at a later time. Efforts are made to give feedback with constructive criticism and suggestions for possible resubmission. ITVS programming staff report that many proposals that have been rejected and later resubmitted are qualitatively improved.

Producer Development Efforts

ITVS functions as a funding source for television programs and as a presenting service working with public broadcasting—PBS, the regional distributors and the stations—to ensure maximum carriage for funded programs. As a presenting service, ITVS supports each of its funded programs with production services ensuring that producers meet PBS technical requirements and to facilitate successful distribution on the system. ITVS’s presenting services also include packaging and promotion for its funded programs through various outreach strategies to bring new audiences to public television.

ITVS also undertakes consistent efforts to reach out to and nurture production talent, particularly emerging producers who are not regularly contributing programs to the public television national schedule. ITVS’s production and packaging/distribution services help to guide and mentor emerging producers with ITVS funded projects in order to manage a successful launch of their programs within the public broadcasting system. Through these efforts, ITVS has become an important player in the development of new talent for public television.

ITVS offers a number of talent development activities throughout the year. These activities include:

Partnerships

As part of the mandate to provide funding to “eligible recipients and projects representing the widest possible geographic distribution,”⁶ ITVS manages a funding initiative, LInCS (Local Independents Collaborating with Stations), that gives independent producers and local public television stations the opportunity to form production partnerships.

LInCS provides incentive or matching funds—between \$10,000 and \$65,000—to production partnerships that must be matched by cash or in-kind contributions from participating stations. The initiative also encourages experienced video/filmmakers to mentor emerging co-producers through the production process.

⁶ Public Telecommunications Act of 1992, Section 21.

In FY 2000, ITVS specifically solicited regionally and culturally diverse projects designed to stimulate civic dialogue or take a non-traditional approach to a variety of societal issues. ITVS supported 13 out of 38 LInCS proposals, bringing the total number of LInCS projects since 1999 to 39 in 21 states. (See the Appendix D: LInCS Station Participation List for FY 1999 – 2000.)

Feedback

As mentioned above, significant staff time is expended in providing feedback to producers whose proposals are not initially accepted for ITVS funding. This feedback helps producers improve their story development, proposal writing, scripting, production budget planning, and other areas of professional skill.

Outreach

ITVS offers professional development to a broader audience of independent producers than those actively seeking funding. ITVS staff regularly participates in professional meetings, seminars, workshops, film festivals, screenings, and other venues across the country where independent producers gather. In addition, ITVS publishes a newsletter, *BUZZWORDS*, and a Website, www.itvs.com, both of which offer useful information to producers.

Producer Orientations

Twice a year, ITVS provides a producer orientation program for the production teams of newly funded projects through “open call.” Additionally, orientations are scheduled for other directed initiatives including the LInCS partnerships with stations. The multi-day program provides producers with information about contract compliance, financial oversight procedures, PBS and CPB rights requirements and distribution procedures, as well as information about general marketing, outreach and promotion activities, which ITVS undertakes to support ITVS-funded projects.

The program not only imparts technical knowledge about producing for public television, but also offers ideas and suggestions to help independent producers sharpen their skills in developing and producing creative and successful productions. In the case of the LInCS orientations, the program helps establish a framework for independent producers and public television stations in working together. In FY 2000, the orientation program also included discussions of how digital technologies are having an impact on both delivery platforms and content development.

Mentoring

In November 1999, the ITVS Board of Directors formally adopted a mentoring initiative to foster the work and professional development of independent video/filmmakers who have had little or no previous access to public television platforms. The initiative places particular emphasis on serving filmmakers who are committed to telling stories that focus on underserved and/or underrepresented communities. Four mentoring teams were selected in FY 2000, in which experienced producers were matched with emerging producers who need project development and scripting help.

ITVS Program Distribution, Outreach, and Promotion

Distribution

In order to receive television production funding from CPB, ITVS is required to obtain the exclusive U.S. broadcast rights for the programs produced with ITVS funding. ITVS also must make those programs available to public broadcasting. ITVS works with PBS (who has the first right of refusal to accept all ITVS funded programs for broadcast distribution) and other public television distribution entities, including individual stations, to achieve maximum program carriage on public broadcasting stations. Those ITVS-funded programs that are not accepted by the existing distribution entities are then marketed to individual public television stations by ITVS.

Approximately one-third of ITVS-funded television programs have been accepted by PBS's National Program Service (NPS), which generally translates to good carriage by local public television stations. NPS shows are usually scheduled for prime time airing by stations and, therefore, tend to attract significant viewing by audiences across the country. Another third have been accepted by PBS Plus (a secondary distribution process managed by PBS), which allows stations to select programs that complement their local scheduling needs. Finally, the remaining ITVS-funded programs are distributed by other program distributors working with public television stations or by ITVS.

Regardless of how a program is offered to stations, ITVS launches extensive and effective station relations support, which include catalogues, screening cassettes, telephone and e-mail campaigns, reader guides, press kits, outreach toolkits, tie-ins to complement station schedules and special programming needs such as heritage month celebrations.

During FY 2000, 40 programs funded by ITVS were completed and delivered to public television stations. Those programs cover a variety of subject matters. (See the Appendix E: Report on ITVS Funded Programs Distributed to Public Television Stations in FY 2000.) Of the 40 programs, four shows, *Blink*, *First Person Plural*, *KPFA on the Air*, and *Stranger with a Camera*, were broadcast on the PBS signature series, P.O.V. Six shows – *Digital Divide*; *Greener Grass: Cuba, Baseball and the United States*; *Homecoming*; *Ralph Ellison's King of the Bingo Game*; *Right Here, Right Now*; and, *Test of Courage: The Making of a Firefighter* – were on the PBS NPS schedule. Those programs enjoyed good carriage by stations and received multiple airings in some markets, reflecting their broad audience appeal. (See the Appendix F: FY 2000 Station Carriage Report.)

ITVS publishes a program catalogue of all ITVS-funded programs with broadcast rights cleared for public television. It is widely distributed to public television stations. (See the Appendix G: ITVS Catalogue of Funded Productions Fall-Winter 2001.)

Beginning in the summer of 1999, ITVS began an effort to improve its relationships with the professionals who schedule programming at local public television stations around the country. In the summer of 2000, ITVS convened three separate focus groups of public television programmers. Over 30 programmers from stations in 18 states attended. This effort has helped ITVS better understand programmers needs and has helped to increase carriage of ITVS programs. Programmers surveyed stated that focus groups helped them better understand the importance of independent programming and the role of ITVS and appreciated the discussions on how to make public television more inclusive, more diverse, and more powerful in their communities.

Outreach and Promotion

In the fall of 2000, ITVS convened two separate focus groups of public television outreach staff. The purpose was to develop relationships with these key partners, acquaint them with ITVS staff and programs, and hear their thoughts about the role of outreach in public television. Twenty-eight participants from 20 states participated in these meetings, providing ITVS with a broad cross-section of perspectives.

ITVS maintains a collaborative community outreach program working with public television stations to promote ITVS-funded shows. Launched by ITVS in January 1996, the Community Connections Project (CCP) engages local supporters of independent films in promoting ITVS-funded programs before broadcast. The goal of the CCP is to foster a stronger connection between communities and their local public television stations. In 2000, ITVS expanded the CCP to Albuquerque, New Mexico; Nashville, Tennessee; Philadelphia, Pennsylvania; and Wilmington, North Carolina in addition to Boston, Massachusetts; Las Vegas, Nevada; Louisville, Kentucky; Salt Lake City, Utah; and St. Louis, Missouri.

In 2000, ITVS has brought individuals together for free public screenings and discussions in universities, community colleges, health and human service organizations, faith-based organizations, state and municipal policy groups, business associations, and a number of other venues to connect programs to concerns in their communities and encourage the use of public television broadcast as a tool for education and change.

In addition, because effective outreach can extend the impact of broadcast programs, ITVS has engaged in efforts to broaden audiences for select ITVS-funded programs. For example, in connection with the broadcast of the limited series, *Digital Divide*, two public television stations used ITVS seed funding to attract major resources for the creation of community technology centers, which continue to provide follow-up educational programming. *The City/La Ciudad*, broadcast as a NPS show by PBS in September 2000, worked with a number of national immigration and refugee assistance agencies, which continue to use the program as a tool for their educational work.

Program Highlights of ITVS Funded Shows Airing in FY 2000

Blink, an ITVS-funded program produced by Elizabeth Thompson and presented to public television audiences by P.O.V. in FY 2000, received a national Emmy Award for News and Documentary. *Blink* is a documentary about the dramatic redemption of a former white supremacist, who, at the height of his leadership in 1988, renounced the world of hate because of his love for a woman whose parents fled Nazi Germany.

First Person Plural, produced by Deann Borshay Liem in her directorial debut and presented by P.O.V., was recognized with a national Emmy nomination. It was also selected to compete in the prestigious Sundance Film Festival. *First Person Plural* is a story profiling Ms. Liem's personal journey of discovery about her roots as an adoptee from Korea.

Stranger with a Camera, produced by independent producer Elizabeth Barret and Judi Jennings of Kentucky Educational Television, also competed at the Sundance Festival in FY 2000. It covered a story of the murder of a documentary filmmaker by a local landowner and spotlighted the complex role media depictions play in society and the responsibilities that those who produce news stories must assume.

Figures of Speech and *Still Life with Animated Dogs* were entered in International Public Television (INPUT), a highly selective public television screening conference for public broadcasters from around the globe. *Figures of Speech*, produced by two independent producers, Bob Sabiston and Tommy Pallota, is a series of digitally animated, documentary-style interviews focusing on the way gestures, facial expression, and other bodily motions combine to communicate personality. *Still Life with Animated Dogs* was produced by Paul Fierlinger, and depicts in animation format an "artist's observations of people, dogs and things of a divine nature."

ITVS supports its programs by providing PBS with Websites for each ITVS-funded program aired by PBS. The *Homecoming* Website, which was developed in connection with the original PBS broadcast, was selected as a Yahoo Pick of the Week and by USA Today as a "Hot Site of the Day."

ITVS Audit

ITVS is subject to an annual independent audit. CPB has received a copy of the audit report for fiscal year 2000. The auditors, Grant & Smith, LLP of Fresno, California, gave ITVS a clean audit. Additionally, as part of ITVS's fiduciary responsibilities, a Certification of Final Financial Accounting is filed with CPB each year certifying that ITVS operations and program activities comply with the CPB contract budget, and that a satisfactory review has been conducted of subcontractor costs pursuant to the CPB contract. Certification has been received for fiscal year 2000. (See the Appendix H: FY 2000 Audited ITVS Financial Statement.) ITVS also audits producers who receive ITVS funding. In FY 2000, ITVS performed six field audits to ensure that its producers comply with the terms of ITVS production contracts.

Overview of ITVS Performance

FY 2000 tested ITVS's strength and stability as a non-profit, independent organization with a small staff. Despite the absence of its visionary leader Jim Yee during much of the year, ITVS continued to function smoothly and its performance outpaced any previous year's output with respect to the quality of programming it offered to stations.

According to the ITVS FY 2000 Station Carriage Report, a total of 24 ITVS-funded programs were scheduled for original broadcast by public television. On average, 146 stations aired those shows. This station carriage average significantly outpaces the average carriage for prior years: 97 stations in 1999, 61 stations in 1998, and 66 stations in 1997.

The carriage reports indicate that ITVS-funded shows are enjoying a wider distribution than prior years— either because stations are using the shows repeatedly or more stations are carrying the ITVS-funded shows. ITVS's first-time offerings in FY 2000 were released to local audiences an average of 264 times. In comparison, ITVS offerings experienced an average of 209 releases in FY 1999, 67 releases in FY 1998, and 73 releases in FY 1997.

Feedback from focus groups of public television programmers shows that stations view ITVS as a reliable source of programming that takes creative risks. Programmers believe that ITVS offers stations opportunities to present public service mission-driven shows that are relevant in today's world and meet the needs of unserved and underserved segments of their viewing audiences.

In addition, ITVS receives high marks for its station relations, outreach, online, promotion, and producer support activities. ITVS has been responsive to various needs of the independent producing community—and has made a concerted effort to work collaboratively with PBS and public television stations.

With the positive progress in the last several years and with ten years of organizational growth and relationship development, ITVS should now be positioned to tackle several significant challenges to its trajectory of improved performance.

First and foremost, ITVS should further improve its ability to get its funded programs presented to the American public. To meet this challenge, ITVS could better align with the PBS programming pipeline in order to increase the number of programs accepted by PBS for national distribution.

In recent years ITVS has significantly improved its station carriage record, particularly during the past two years. In FY 2000, ITVS funded shows that were originally broadcast on average aired on less than half of the nation's public television stations. To increase the value to the American public of its significant investment, ITVS should continue to improve its record.

In order to increase its carriage rate, ITVS should carefully assess its producer-driven program development efforts (reflected in its General Solicitations model) against audience needs. Programs that complement the existing program pipeline have better opportunities for acceptance not only by PBS, but also by individual station programmers who determine their local schedules based on their assessment of local audience needs.

ITVS should consider, in its funding decision-making process, how projects under consideration could complement the programming needs of PBS and public television station programmers around the country, while balancing the need to reach out to as many diverse sources of programming as it can and help independents improve access in the public television system.

Second, ITVS should work with producers to improve the timeliness of program completion. Programs that languish for a long time in the production process often lose their appeal to audiences. ITVS requires that producers receiving support from ITVS complete production within one year of receiving funding. However, the Report on ITVS Funded Programs Distributed to Public Television Stations in FY 2000 (Appendix E) shows a number of programs that exceeded the one-year production requirement. While ITVS generally practices excellent production management work, this area should receive further attention in coming years.

Third, ITVS should expand its effort to nurture the next generation of creative content producers to increase public television's access to perspectives not generally seen on national television. ITVS should carefully monitor the progress of its pilot mentoring program and, if evaluated, assessed, and found successful, consider expanding it. Many emerging producers are people of color, and this program should also help ITVS to develop better connections with the minority producing community.

Fourth, ITVS should develop a formal strategy to become the trusted intermediary between independent producers and non-traditional content creators and CPB and the public television system. This is a role uniquely suited for ITVS to perform. Ideally, ITVS could serve as a clearinghouse for various opportunities to produce for public television. In order to be effective in this role, ITVS must strengthen its communications with both the independent producing and public broadcasting communities, and stay on top of trends and issues affecting public television.

Fifth, ITVS has delivered excellent outside audits indicating its solid financial management and operations. As it matures, ITVS should continue to manage its resources for maximum output to benefit the American public. Special attention should be paid to careful management of operating expenses to maximize the amounts available for programming, production funding, and production support/distribution work.

Between FY 1998, 1999, and 2000, ITVS's expenses for salaries, benefits, and employment taxes increased by about 51 percent (from \$822,282, \$967,912 to

\$1,240,235)⁷, while the amount of producer grants distributed by ITVS increased by 38 percent (from \$5,264,521, \$4,931,287, to \$7,248,706).⁸

In addition, a sizable amount of CPB grant money (\$9,500,738) appears to remain uncommitted at the end of FY 2000. While the uncommitted funds were projected for initiatives planned in the future, it is important that ITVS develops a clear strategy to expense the money for its program funding efforts for the purpose of “expanding the diversity and innovativeness of programming available to public broadcasting.”⁹

ITVS needs to continue to give close scrutiny to its spending pattern in the future to assure that personnel and other fixed costs do not outpace program and production activities.

As ITVS has matured, and the number of shows in its pipeline increased, production and broadcast “services” have expanded to help encourage viewership and to nurture and facilitate the relationship between public television and independent productions. Promotion, station relations, and program outreach to audiences improve the potential for carriage of and audience interest in independent productions that are often single, stand-alone programs with minimal promotion budgets. ITVS over ten years has gained recognition within the public television system for shepherding independent productions through the PBS broadcast processes and for helping to cultivate an ongoing base of audience support for independent programming.

CPB and ITVS have had a growing relationship over the past ten years. ITVS is an important partner in CPB’s efforts to support the growth of public service media. CPB plans to work closely with ITVS to help address the above challenges, as well as exercises its responsibility to the American people by ascertaining that the investment in ITVS is used best to benefit the American public. CPB wishes to continue its collaborative partnership with ITVS for years ahead toward the goal of serving the public interest.

⁷ As noted in the introductory section, ITVS currently employs 29 staff members. At the beginning of FY 2000, ITVS had 21 employees.

⁸ Source: ITVS audited financial statements. During the same period, CPB support of ITVS increased by five percent. ITVS used prior-year carry-forward funds to support the increased level of activities in FY 2000.

⁹ Communications Act of 1934, as amended, Section 396(k)(3)(B)(iii)(IV)