

CORPORATION FOR PUBLIC BROADCASTING

REPORT TO CONGRESS ON

FISCAL YEAR 2002

ACTIVITIES AND EXPENDITURES OF THE INDEPENDENT TELEVISION SERVICE (ITVS)

Introduction

Since 1990, as required by its authorizing legislation, the Communications Act of 1934, as amended,¹ the Corporation for Public Broadcasting (CPB) has funded an independent television production service. The Independent Television Service (ITVS), an entity separate from CPB, contracts with CPB to fund public television programs produced by independent producers and independent production entities. As required by law, CPB ensures that these funds are used to further our fundamental goals of expanding diversity and promoting innovation in programming available to public broadcasting. The statute also requires that CPB report annually to Congress “regarding the activities and expenditures of the independent production service.”² This report summarizes the activities and expenditures of the ITVS for the Fiscal Year (FY) 2002.

ITVS was incorporated on September 22, 1989, and is now headquartered in San Francisco. It is governed by a 13-member board of directors, which includes independent producers, media arts center executives and programmers, public television managers, academics, and independent media activists. The National Coalition of Independent Public Broadcasting Producers (NCIPBP) prepares an annual slate of nominees for the ITVS board. ITVS bylaws require CPB to approve the slate before new nominees are seated on the ITVS board.

It should be noted that, while ITVS plays a critical role in developing independent projects for public television, it is not the only way in which CPB supports the works of independent producers. Independent producers also compete for direct grants from CPB, and may receive funding from several other CPB supported sources.

¹ 47 U.S.C. § 396(k)(3)(B)(iii)(I)

² 47 U.S.C. § 396(k)(3)(B)(iii)(V)

CPB Support of ITVS and Independent Producers

ITVS Funding Status and History

The FY2002 CPB appropriation was \$350,000,000. Based on a legislatively defined formula, CPB allocated \$63,281,250 of these funds, including 75 percent of interest income, for TV programming. CPB committed about half of these dollars to the PBS National Program Service (NPS) and the joint CPB/PBS Program Challenge Fund.

In 2002, ITVS and CPB entered into a new, multi-year contract relationship attaching specific funding amounts for operations and programming activities in Fiscal Years 2002, 2003, and 2004. The multi-year contract streamlines the CPB contracting process for the ITVS agreements, provides for steady growth opportunity for ITVS, and introduces the foundation of performance metrics in the contract work scope.

ITVS received \$8,700,000 for program production, production support and service to independent producers in FY2002. This amount reflects an increase of \$700,000 over the support given in FY2001. Additionally, CPB provided ITVS with \$450,000 to apply to its start-up costs for the launch of the ITVS/PBS presentation of the *Independent Lens* series.

CPB also provided \$792,647 for ITVS operations from its system support budget in FY 2002. CPB support of ITVS from its initial year (1990) through FY2002 totals \$103,880,995 (See figure 1).

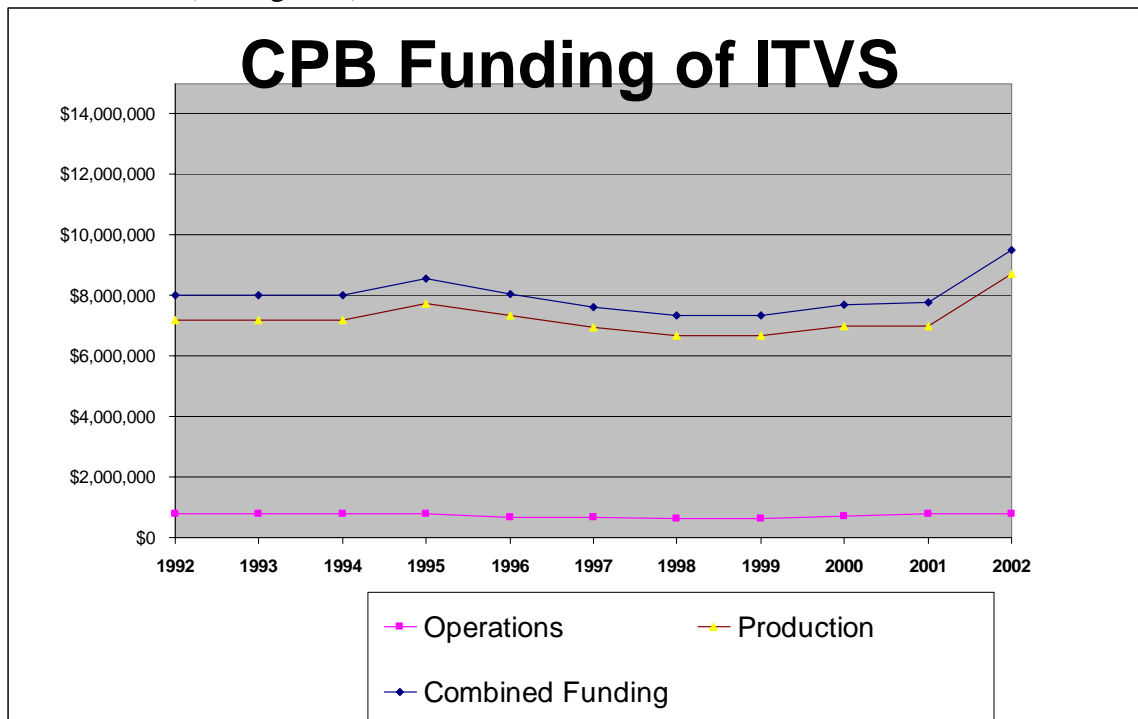


Figure 1

ITVS Production and Distribution History

ITVS has settled into a pattern of successfully completing and delivering programs to PBS, demonstrating the growing sophistication of ITVS's program selection, production management, and program packaging process.

Between 1996 and 2002, ITVS had an average of 18 programs per year broadcast on the PBS national program service (NPS) or the PBS Plus (second tier) schedule (See Figure 2). The broadcast average will further improve for 2003 with nearly 30 programs slated for PBS distribution including a full season of Independent Lens programs.

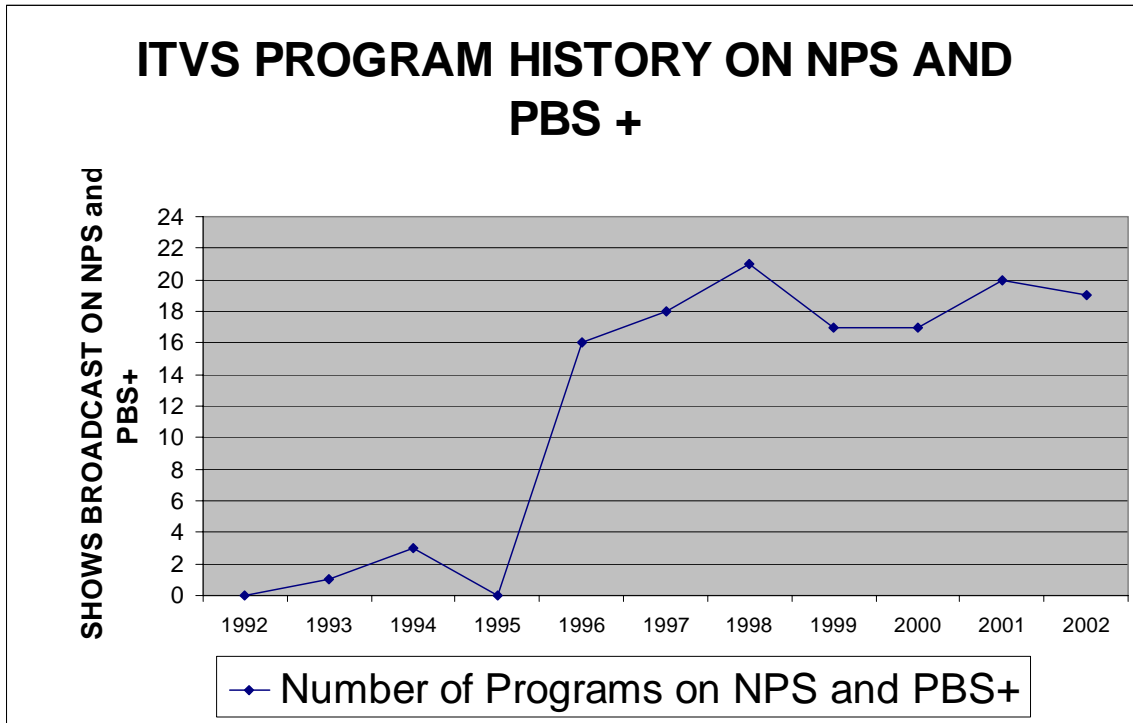


Figure 2

With an emphasis on innovation and quality, it takes between 12 and 24 months to develop, produce and package a public television program. Once ITVS has funded a project, the staff provides ongoing support services to independent producers including regular monitoring of production progress, technical and editorial assistance, as well as promotion, and outreach support for finished programs.

Because the range of the production cycle, it is difficult to plot a consistent trajectory for the completion of programs. However, from 1992 to 2002, ITVS has shown nearly a three-fold increase in the number of programs completed (See Figure 3).

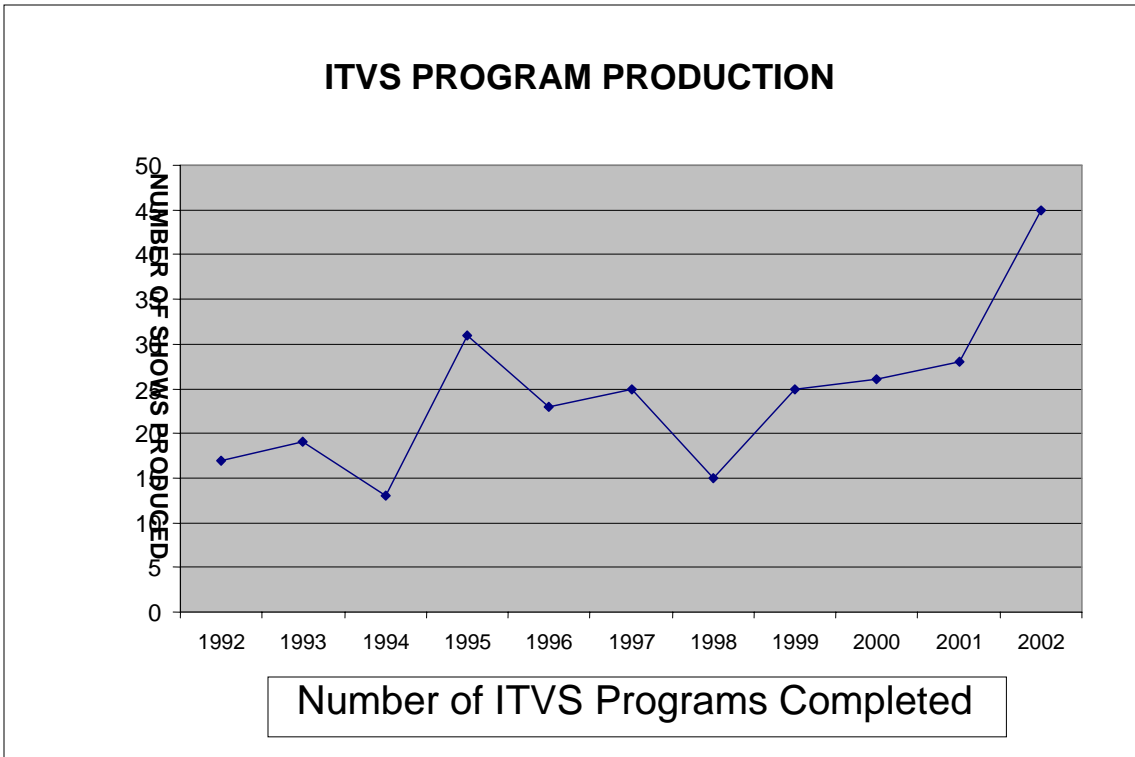


Figure 3

Station usage of ITVS programs has dramatically and steadily improved over the last 10 years, most notably in the late 1990's when ITVS gained the confidence of public station

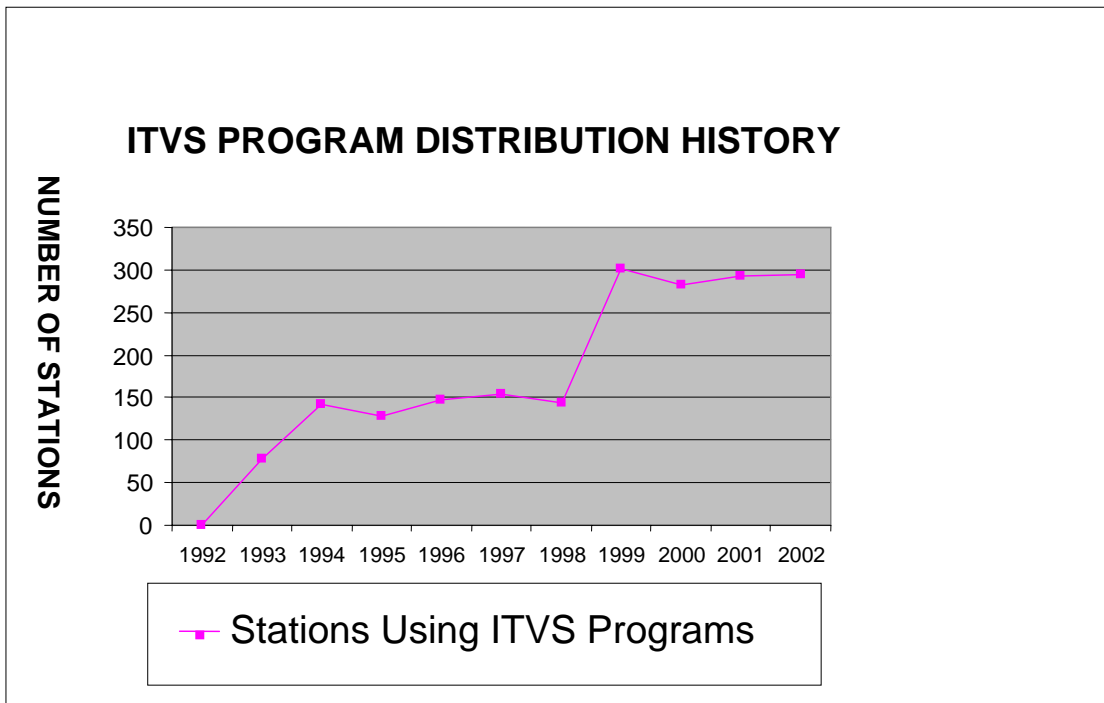


Figure 4

programmers with a series of highly acclaimed broadcasts in 1999 of *The Farmer's Wife* and *An American Love Story*. But the momentum had begun in 1997 and 1998, when ITVS-funded programs won numerous national awards including national Emmy Awards for *Girls Like Us* and *Nobody's Business*; and Peabody Awards for *Travis* and *A Healthy Baby Girl* (See Figure 4 above). In 2002, ITVS programs won five major filmmaking awards including two Emmys and an Academy Award nomination for *Promises*, a Grand Jury Prize from Sundance for *Daughter from Danang*, and a Sundance Special Jury Prize for *Senorita Extraviada*.

ITVS Operations and Administration

At the beginning of FY2002, ITVS employed 29 staff including part time staff members. (See Appendix A: ITVS Organizational Chart as of October 31, 2001.)

To ensure its institutional health and stability and to take advantage of new media and other opportunities, ITVS implemented a multi-year strategic plan in 2002. It outlines expected business activities with specific, measurable goals for the next several years. The plan contains annual performance benchmarks and long-range plans for each of the five departments (Broadcast Distribution/Communications, Business, Production, Program Development, and Programming) that make up ITVS.

The strategic plan sets goals to show effective results in reaching diverse audiences and in reaching a diverse pool of production grant applicants, to better align its programming work with the PBS schedule, and to explore increased engagement with the work of the International Public Television Association (INPUT). The INPUT work supports the goal of expanding production capacities among U.S. independent producers.

Program Funding Activities

The primary work of ITVS is the distribution of production funds to independent producers, ensuring geographic diversity in its allocation of funds. ITVS budgeted \$6,350,000 – 73 percent of the \$8,700,000 in CPB grant funds earmarked for TV programming support – for production grants and contracts in FY2002. An additional 14 percent was earmarked for direct program support costs, such as producer orientation, reader expenses, program and production staff payroll, travel, and consultants. ITVS allocated the remaining CPB funds (13 percent) to pay for communications staff and consultants, station marketing, promotion, outreach, web support, and other broadcast support costs.

ITVS uses both a general solicitation (“open call”) and a focused programming approach (“commissioning”) to generate the innovative programming it supports. Open call accepts proposals on any subject or theme, while commissioning encourages producers to develop programs built around specific issues of public interest.

ITVS publicizes its funding opportunities through print and broadcast media and its Web site, www.itvs.org. To ensure that producers of color and others underrepresented in the public and national media receive notifications, ITVS also maintains an extensive national mailing list of independent producers and public broadcasters.

In FY2002, ITVS generated the following solicitations:

- Open Call 2001/Rounds 1 and 2: From a total of 1,327 and 1,287 eligible applications, 301 advanced to the second phase of screening, 30 to a phase three review and, ultimately, 12 received ITVS funding support.
- Local Independents Collaborating with Stations (LInCS): 77 applications were received from independent producer/station partnerships, and 9 received funding. Through LInCS, ITVS encourages partnerships between independent producers and public television stations by providing incentive or matching grants from \$10,000 to \$75,000. The funding stream helps to develop production capabilities in areas of the country not traditionally active for independent TV productions. Applications more than doubled from last year.

The process of selecting programs for funding begins with initial screening by ITVS staff and external reviewers, including public television programmers and producers, independent producers/directors, film professionals, print and broadcast film critics and journalists, educators, curators and film festival directors. Worthy projects are then forwarded to a final review panel, which makes funding recommendations to ITVS. ITVS's executive director gives final approval to panel-recommended projects. ITVS board members are prohibited from applying for support from ITVS or participating in program funding decisions while serving on the board.

During FY2002, ITVS production staff oversaw 119 productions resulting from these and prior year solicitations; 45 programs were completed. (See Appendix B: ITVS Production Reports for FY 2002 Funds)

As required by the CPB grant agreement, ITVS maintains a public file in its San Francisco office, containing the following information about funded projects:

- Producer's final financial report (ITVS report form)
- Selections list, explaining the criteria for selecting the program
- Initiative list, indicating the initiative under which a program was funded
- Narrative report, containing a brief description of a program, other program funders, and minority status of the program's producer)

In FY2002, ITVS introduced a new media initiative, Electric Shadows, which uses compelling storytelling on the Web to reach new audiences not being reached through mainstream media. ITVS commissioned two Web projects that focused on the theme of cultural storytelling. The two projects, *Face to Face* and *Circle of Stories*, combined the emotional impact of video with the interactive power of digital media.

The purpose of Electric Shadows is to create a new kind of media experience on the Internet that gives the audience the ability to explore those aspects of the material which are most relevant and useful to the individual audience member. The web delivery of the content also provides the audience with an “anytime you want it” access to the material.

Activity Supported by the FY2002 *Independent Lens* Grant

In FY2002, CPB made a one-time special grant of \$450,000 to ITVS to support the start-up costs for the re-launch of *Independent Lens*, a prime-time PBS showcase of independent works. ITVS joined PBS programming staff as co-curators of this series in 2002, and ITVS also serves as executive producer. The series consists of one-hour, independently produced social issue programs, historical documentaries and narrative works.

Independent Lens re-launched in February 2003, but preparation began in spring 2002, and series development, pre-production publicity and production activity occurred in the fall. The 2003 series was hosted by actress Angela Bassett and included new program graphics, a new set, and an expanded focus for the series content. The stated goals of the series are:

- To build a signature public television series, reclaiming public television’s historical role as the original independent film channel.
- To provide a showcase and coordinate promotion opportunities for excellent single programs that currently compete for audiences without the benefit of a series umbrella.
- To bring new and diverse audiences to public television.

The early spring launch of the series included 14 primetime episodes airing on Tuesday nights and began with a portrait of Maggie Kuhn, the feisty founder of the Gray Panthers, a senior advocacy group, in a program called *Maggie Grows*. In the first season, eight of the 14 programs were acquired and six were funded by ITVS. (See Appendix C for a launch press release and complete listing of the 14 spring episodes).

Producer Development and Support Activities

ITVS not only funds the work of independent producers, it works to identify new producers and to develop their creative talents. Producer development and support activities in FY2002 included:

Feedback to producers – When proposals are submitted for production grants but are not selected for funding by the review panel, ITVS provides producer feedback sessions. This feedback helps producers improve story development, proposal writing, scripting, and production budget planning. Producers are encouraged to re-submit worthy projects for future funding rounds. ITVS staff devotes considerable time to this service.

Producer orientation program – ITVS convened three orientation sessions during FY 2002. The multi-day program provides producers who are receiving ITVS contracts with information about contract compliance, financial oversight procedures, and PBS and CPB rights requirements and distribution procedures, as well as information about general marketing, outreach and promotion activities, which ITVS undertakes on behalf of funded projects. The orientation offers technical information about producing for public television, and offers ideas and suggestions to help independent producers create projects.

Mentoring program – ITVS continues to support “emerging” producers through its mentoring program. The program focuses on the professional development of independent video/filmmakers working on ITVS funded projects that have had little previous access to public television platforms. The initiative places particular emphasis on filmmakers whose projects focus on underserved and/or underrepresented communities.

Communications with producers – ITVS reaches out to an audience of independent producers broader than those actively seeking funding. ITVS regularly participates in professional meetings, seminars, workshops, film festivals, screenings, and discussions at film/communications schools across the country where independent producers gather for professional development and information exchange. ITVS distributes a “Producers Handbook,” a popular guide for independent producers interested in working with public television; and communicates with the independent producing community through the ITVS newsletter, *Beyond the Box*, and the ITVS web site.

ITVS Program Distribution, Outreach, and Promotion

ITVS works with PBS (which has the right of first refusal for all ITVS-funded programs) 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. ITVS spends about 13 percent (some \$1.1 million) of its TV programming budget on these efforts.

ITVS conducts extensive station relations activity on behalf of program producers, including providing stations with program screening cassettes, developing reader guides, press kits, and outreach toolkits, to complement programs and station schedules and special programming needs such as heritage month celebrations. ITVS also produces program Web sites and promotes its funded programs through various outreach strategies.

Program Distribution – In FY 2002, 31 new ITVS-funded programs were provided to public television stations. Of these, 10 were aired during prime time – four on NPS and six as part of the PBS signature series *P.O.V.* Another nine programs were on PBS Plus, and 12 others were distributed by other program distributors working with public television stations or by ITVS. Those programs cover a variety of subject matters.

NPS shows are scheduled for prime time airing by stations and, therefore, tend to attract significant viewing by audiences across the country. PBS Plus (a secondary distribution service managed by PBS) allows stations to select programs that complement their local scheduling needs. (See the Appendix **D**: FY2002 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 **E**: ITVS Catalogue of Funded Productions)

Outreach and Promotion – ITVS works with public television stations, other local organizations and various free media to promote ITVS-funded shows. Launched by ITVS in January 1996, the Community Connections Project (CCP) engages local content partners to support and promote 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 FY2002, ITVS also began a strategic plan of promotion for the *Independent Lens* series. A series of press releases and long-lead publicity techniques were utilized to build awareness of the re-launch of this series, including the production of several highly-produced program promos that were distributed to all public television stations through PBS.

Program Highlights of ITVS in FY2002

In FY2002, several ITVS-funded shows garnered critical acclaim, and attracted strong audience attention. The following 2002 programs were honored:

- *Promises*, Academy Award nomination for Best Documentary; two national Emmy awards (aired on POV);
- *Daughter from Danang*, Sundance Film Festival, Grand Jury Prize;
- *Mai's America and Señorita Extraviada*, International Documentary Association (IDA) competition, Distinguished Documentary Achievement Awards;
- *Ralph Ellison: An American Journey*, Sundance Film Festival, Selected Film;
- *Senorita Extraviada*, Sundance Film Festival, Special Jury Prize-Documentary;
- *Sweet Old Song*, The Directors Guild of America, Outstanding Directorial Achievement;
- *Welcome to the Club*, Grammy nomination, Best Long Form Music Video.

ITVS Audit

CPB has received a copy of ITVS's required annual independent audit for FY2002; the auditors Ravinder Singh & Associates of Oakland, California, found no problems.

ITVS also files a Certification of Final Financial Accounting with CPB to certify that it complies with the CPB contract budget, and that it has conducted a satisfactory review of subcontractor costs. Certification has been received for fiscal year 2001, the most recent year of which CPB grant monies had been fully expensed. (See the Appendix E: FY2002 Audited ITVS Financial Statement.)

Summary of ITVS Performance

ITVS is operating efficiently as a non-profit, independent production service dedicated to serving both the independent producing community and the public television system. ITVS functioned smoothly in FY2002, taking on some new programming challenges such as co-curating the *Independent Lens* series, while maintaining its performance in terms of hours of programming made available to public television.

Also in 2002, ITVS and CPB entered into a new, multi-year contract relationship attaching specific funding amounts for operations and programming activities in Fiscal Years 2002, 2003, and 2004. The multi-year contract streamlines the CPB contracting process for the ITVS agreements, and introduces the foundation of performance metrics in the contract work scope consistent with ITVS's own strategic planning goals.

Public Television Use of ITVS Funded Programming - In FY2001, 28 ITVS-funded programs were scheduled for original broadcast by public television. In FY2002, ITVS has provided 31 new programs to the system (of the 45 productions completed in FY02), with another 68 previously released programs still in distribution. Additionally, four limited series funded by ITVS were still being utilized by PBS and public television stations in FY2002.

Of the new programs offered in 2002, 10 were distributed on PBS's prime-time schedule; an average of 265 stations broadcast the programs one or more times.

Representation of Diverse Perspectives in Programming – ITVS's mission is to make more diverse and innovative programming available to public television. Over the years, ITVS has established a track record of successfully presenting a wide range of views and has been increasing its focus on funding projects made by geographically-diverse producers.

CPB encourages ITVS to continue to review the range of subject matters and filmmakers it works with for objectivity and balance across the body of works it brings to public television audiences. ITVS should actively seek and commission works by independent producers that are reflective of the diverse points of view of 21st century audiences.

Managing Resources for Maximum Output for the American Public – CPB recognizes that ITVS's improved carriage performance is due not only to the quality of content but

also to the excellence of its station relations, outreach, online, promotion, and producer support activities. These production and broadcast support efforts are essential to ITVS's continued success as a production service entity, and have required additional personnel and consultants.

In the FY2001 report, CPB noted that a review of ITVS financial data over several years shows that spending for management and operating expenses, including its "service" work components, is growing faster than expenditures for content. In FY2002, with the addition of the *Independent Lens* series, ITVS actually increased its support of independent works through the use of program acquisition fees provided to producers for PTV broadcast rights. However, CPB urges ITVS to continue to manage its operating expenses to maximize the amounts available for production funding, and to remain vigilant about its resource allocations.

Building on Success - In FY2002, ITVS expanded its fundraising activities to acquire non-CPB sources of revenue to support its ongoing digital broadcast service work, as well as new projects such as the *Independent Lens* series. As was noted in last year's report, CPB encourages ITVS to continue its fund-raising efforts in order to further expand the impact of its core mission of developing diverse and innovative programming for public television.

ITVS is an important partner in CPB's efforts to support the growth of public service media, and CPB recognizes that ITVS has made significant progress in bringing creative, diverse content by independent producers to public television. CPB expects to continue its collaborative partnership with ITVS and plans to work closely with ITVS to help ensure that the investment in ITVS is used best to benefit the American public.