

CORPORATION FOR PUBLIC BROADCASTING

REPORT TO CONGRESS ON

FISCAL YEAR 2003

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) 2003.

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 approval of 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 FY2003 CPB appropriation was \$362,800,000. Based on a legislatively defined formula, CPB allocated \$65,409,375 of these funds, including 75 percent of interest income, for TV programming. CPB committed more than 45 percent of these funds 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 containing 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.

Based on the formula set by our statute, CPB allocated \$65,409,375 of its FY2003 appropriation to television programming. Of this, \$9,500,000 went directly to ITVS for program production, production support and service to independent producers, an increase of \$800,000 over the support given in FY2002. Also in FY2003, CPB provided an additional \$826,620 for ITVS operations from its system support budget. CPB support of ITVS from its initial year (1990) through FY2003 totals \$114,207,615 (See figure 1).

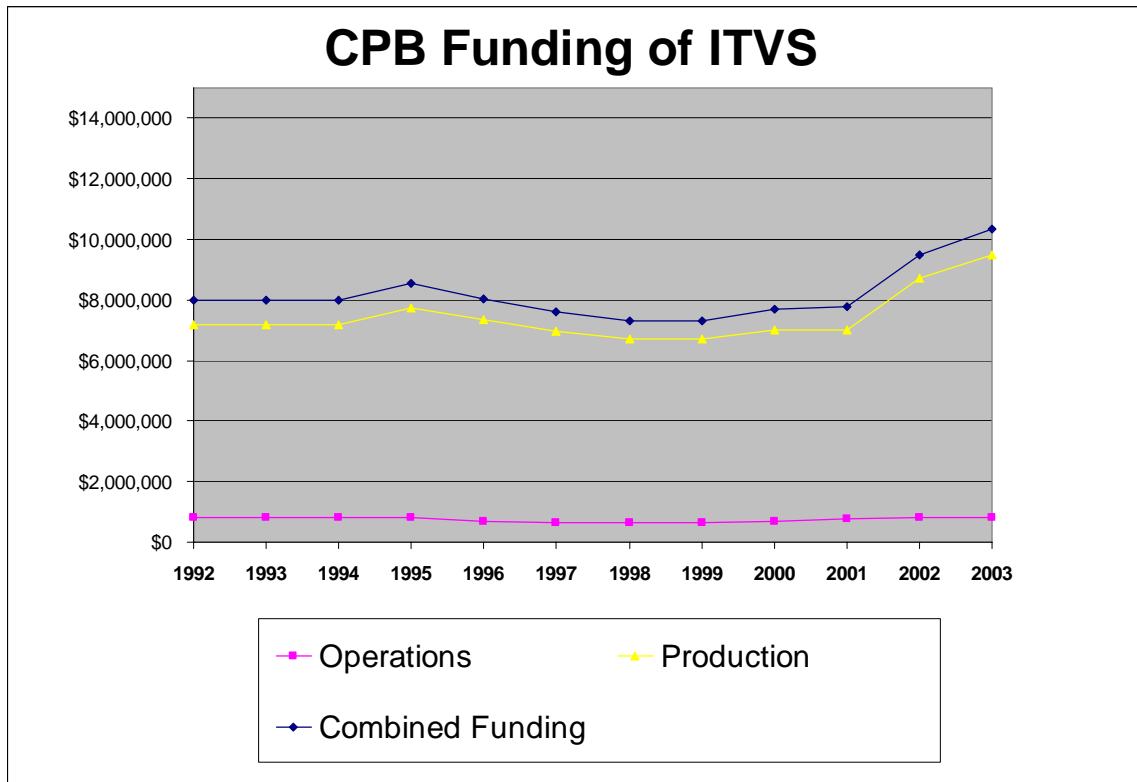


Figure 1

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' 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. In 2003, ITVS distributed 35 programs for PBS prime time distribution including a full season of Independent Lens programs.

With ITVS' emphasis on innovation and quality, it takes between 12 and 24 months to develop, produce and package a program for public television broadcast. 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 of the variety of programming projects funded, it is difficult to plot a consistent cycle for the completion of programs. However, from 1992 to 2003, ITVS has more than doubled the number of programs completed (See Figure 3).

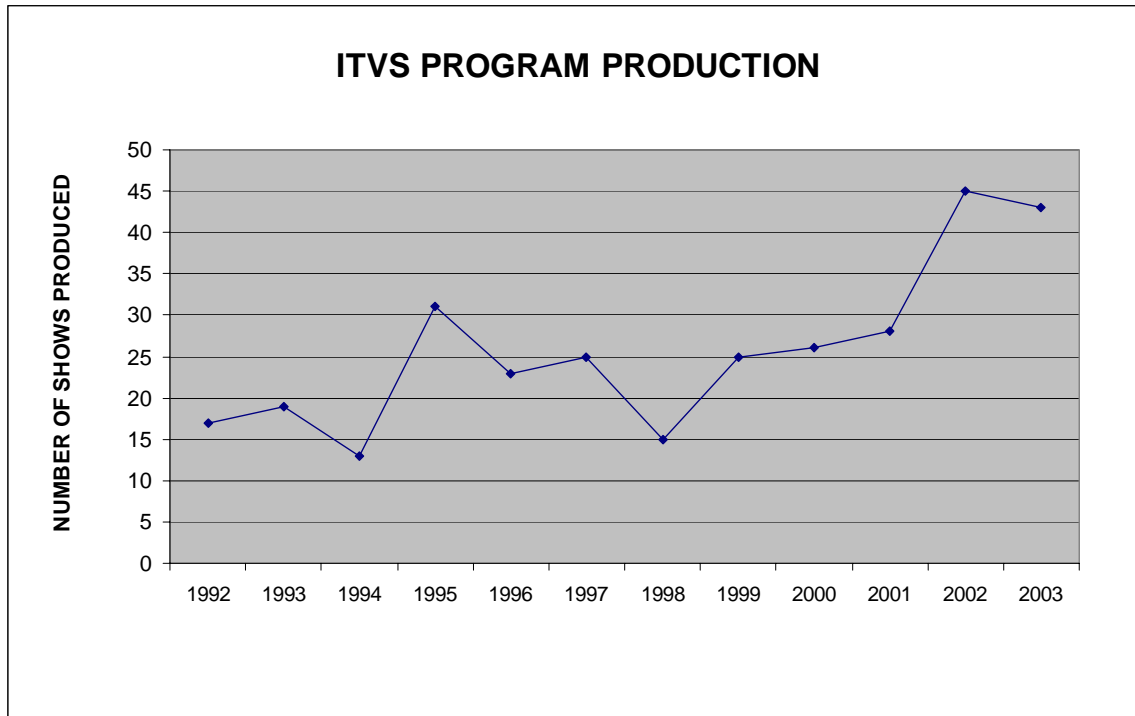


Figure 3

Station usage of ITVS programs has dramatically and steadily improved years (see Figure 4). This is due in part to the growing confidence the public television system has in the quality of ITVS-funded programs. In the last five years, ITVS has won every major programming award, including National Emmys, duPont-Columbia Awards,

George Foster Peabody Awards, Sundance Film Festival Awards and Academy Award nominations.

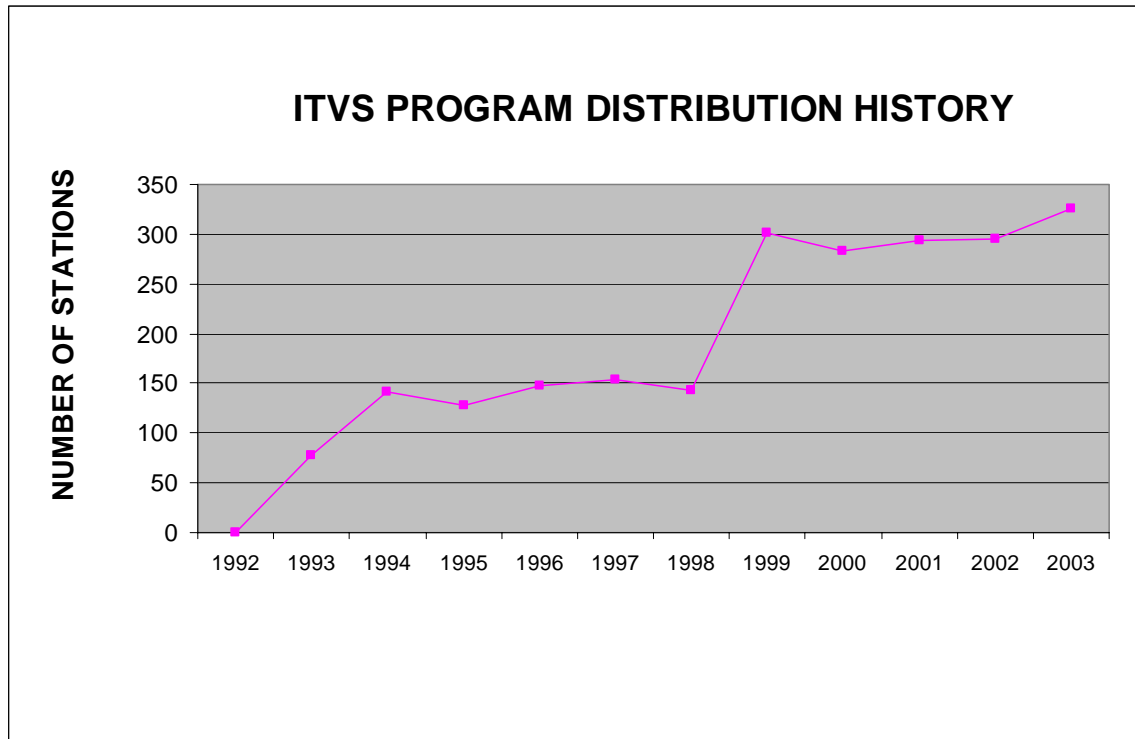


Figure 4

ITVS Operations and Administration

At the beginning of FY2003, ITVS employed a total of 36 full- and part-time staff. (See Appendix A: ITVS Organizational Chart as of October 31, 2002.)

ITVS is operating in the second year of a multi-year strategic plan developed to ensure its institutional health and stability and to take advantage of new media and other opportunities. The strategic plan outlines expected business activities with specific, measurable goals for the next several years. The plan also 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.

One of the specific goals of the strategic plan is to explore increased engagement with the work of the International Public Television Association (INPUT), which seeks to expand production capacities among U.S. independent producers. As a result of the preliminary work around this goal, ITVS has been named the host of the 2005 INPUT to be held in San Francisco.

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. In FY 2003, ITVS budgeted \$6,082,888 – 64 percent of the funds it received from CPB – for production grants and contracts. ITVS earmarked an additional 16 percent for direct program support costs, such as producer orientation, reader expenses, program and production staff payroll, travel, and consultants, and allocated the remainder (20 percent) 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, and publishes a quarterly newsletter.

In FY2003, ITVS generated the following solicitations:

- Open Call 2001/Rounds 1 and 2: From a total of 905 applications, 219 advanced to the second phase of screening, 30 projects advanced to a phase three review and, ultimately, 12 received ITVS funding support.
- Local Independents Collaborating with Stations (LInCS): 51 applications were received from independent producer/station partnerships; eight 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' 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 FY2003, ITVS production staff oversaw 119 productions resulting from these and prior year solicitations; 43 programs were completed. (See Appendix B: ITVS Production Reports for FY 2003 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)

Independent Lens Activity

In FY2003, ITVS, in collaboration with PBS, managed 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 Growls*. The fall 2003 second season, hosted by actor Don Cheadle, featured *Heart of the Sea*, the story of Hawaiian surf legend Rell Sunn who carved the way for women in surfing; the program won the Audience Award for Best Documentary at the San Francisco International Film Festival. The series also featured *Be Good, Smile Pretty*. This story of a daughter's struggle to know her father, who was killed in the Viet Nam War, was featured at a special Congressional screening.

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:

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

Producer orientation program – The multi-day producer orientation 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. Originally funded with an R& D grant from CPB, ITVS has fully incorporated this program into its producer services activities. The mentoring program focuses on independent video/filmmakers working on ITVS funded projects who 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 its newsletter, *Beyond the Box*, and the ITVS web site (www.itvs.org).

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 13 percent (some \$1.2 million) of its TV programming budget on these efforts.

ITVS conducts extensive station relations activity on behalf of program producers, providing stations with program screening cassettes, developing reader guides, press kits and outreach toolkits, and working to complement 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 2003, 43 new ITVS-funded programs were provided to public television stations. Of these, 26 were aired during prime time – 19 on the PBS National Program Schedule (NPS), seven as part of the PBS signature series *P.O.V.*, and the others as specials or stand-alone programs. The other 2003 ITVS program broadcasts were distributed on PBS Plus, by other program distributors working with public television stations, or by ITVS.

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 Appendix C: FY2003 Station Carriage Report.)

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.

Program Highlights of ITVS in FY2003

In FY2003, several ITVS-funded projects garnered critical acclaim and attracted strong audience attention. The following 2003 programs were honored:

- *Daughter of Danang*, Academy Award nomination, Best Documentary, and Sundance Film Festival, Grand Jury Prize;
- *Mai's America* and *Señorita Extraviada*, International Documentary Association (IDA) competition, Distinguished Documentary Achievement Awards;
- *Circle of Stories/an ITVS Interactive Project*, Sundance Online Film Festival Selection;
- *Be Good, Smile Pretty*, Audience Award for Best Documentary Feature, Aspen Filmfest, and Documentary Feature Jury Prize, Los Angeles Film Festival;
- *Strange Fruit*, Jewish Image Award for Cross Cultural Excellence, National Foundation for Jewish Culture;
- *Discovering Domingo*, Best Documentary at both the Bermuda International Film Festival and the Los Angeles International Film Festival;

ITVS Audit

CPB has received a copy of ITVS' required annual independent audit for FY2003; 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 in which CPB grant monies have been fully expensed. (See Appendix D: FY2003 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 FY2003, continuing the baseline work of the organization and fully incorporating the co-curating duties for the *Independent Lens* series, while maintaining its performance in terms of hours of programming made available to public television. 2003 marked the second year of the three-year ITVS/CPB contract relationship streamlining the CPB contracting process for the ITVS agreements, and continuing the foundation of performance metrics in the contract work scope consistent with ITVS' own strategic planning goals.

CPB makes the following recommendations to ITVS:

- Representation of Diverse Perspectives in Programming – ITVS' 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, and producers of color. We encourage ITVS to maintain attention to this work that has proven so successful.
- Objectivity and Balance Standards – CPB encourages ITVS to continue to review the range of projects it funds for objectivity and balance across the body of works it brings to public television audiences. ITVS should actively seek and commission works by a broad range of independent producers who reflect the diverse points of view of 21st century audiences.
- Managing Resources for Maximum Output for the American Public – CPB recognizes that ITVS' 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 efforts have required additional personnel and consultants.

However, CPB notes that a review of ITVS financial data over several years show spending for broadcast support is growing faster than expenditures for producing and/or acquiring public television content. While CPB recognizes the importance of providing adequate supports for the successful broadcast of independent programs, CPB urges ITVS to continue to monitor the ratio of production funding to production support services.

- Building on Success - In FY200, ITVS continued to expand its fundraising activities to acquire non-CPB sources of revenue to support its ongoing digital broadcast service work, as well as the *Independent Lens* series. CPB applauds ITVS for its success in fundraising and encourages ITVS to continue its fundraising efforts in order to further expand the impact of its core mission of developing diverse and innovative programming for public television.
- CPB Audience Research – CPB has undertaken research on the value of national programs to our audiences. CPB intends to share the findings of that research with ITVS as well as our other national production partners. CPB urges ITVS to incorporate the findings of this research as a factor in its program funding decisions and as a guide to producers.

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.