

United States Senate

WASHINGTON, DC 20510

June 16, 2016

Chair Janet L. Yellen
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Chair Yellen:

We encourage you to provide a simplified capital framework and reporting requirements for community banks through the Economic Growth and Regulatory Paperwork Reductions Act (EGRPRA) process.

Community banks provide a critical service in underserved and rural communities throughout the country. Often times in states like ours, community banks are the only option for small businesses and rural families to access credit. We believe it is clear that throughout the financial crisis our community banks proved to be resilient in part because they never strayed from their core business model—serving local communities. Unfortunately, the regulatory capital rules effective since January 1, 2015 have added complexity to the capital framework, especially for community banks. Feedback from the EGRPRA outreach meetings question the need for four capital minimum requirements, a capital conservation buffer, and the complexity in the definition of tier 1 capital.

It's also clear that the time required for banks to complete the quarterly Call Reports is significant and has increased over the years. According to the March 2016 Call Report the estimated average burden associated with completing the report is 50.4 hours per respondent and is estimated to vary from 20 to 775 hours per response, depending on individual circumstances. The estimated average burden in March 2011 was 44.9 hours and 38.7 hours in March 2006 with estimates varying from 16 to 655 hours in 2011 and 16 to 625 hours in 2006. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities.

As you continue your work to reduce regulatory burdens through the EGRPRA process, we encourage you to find ways to simplify the capital framework for community banks that provide meaningful regulatory relief and still provide for the safety and soundness of the banking system.

Sincerely,



Mike Crapo
United States Senator



Jon Tester
United States Senator