**Insight**

# CBO's Dynamic Score of the OBBBA: A Closer Look

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## Executive Summary


- The Congressional Budget Office (CBO) has released a dynamic score of the House-passed One Big Beautiful Bill Act (OBBBA) that estimates $85 billion of macroeconomic feedback from the legislation over the fiscal year (FY) 2025–2034 budget window.
- Accounting for this feedback, CBO estimates the OBBBA would increase primary (non-interest) budget deficits by $2.3 trillion over the FY 2025–2034 budget window; with interest, the OBBBA would increase budget deficits by $3.4 trillion through FY 2034.
- The OBBBA would increase real gross domestic product by 0.5 percent over the 2025–2034 period, which would amount to a 0.04-percentage point improvement in the average annual growth rate.
- With the OBBBA, the average interest rate on 10-year Treasury notes would be 14 basis points (0.14 percentage points) higher over the 2025–2034 period.


## A Closer Look at CBO's Dynamic Score of the OBBBA

The Congressional Budget Office's (CBO) conventional score of the House-passed One Big Beautiful Bill Act (OBBBA) estimates the legislation would increase primary (non-interest) budget deficits by $2.4 trillion over the fiscal year (FY) 2025–2034 budget window. After including the $551 billion of higher interest costs that would come from the additional borrowing, CBO estimates the OBBBA would increase budget deficits by $3.0 trillion through FY 2034 on a conventional basis. CBO's conventional scoring method includes a micro-dynamic analysis that examines the effects of policy changes on supply and demand and the timing of certain decisions but does not examine behavioral changes resulting from macroeconomic effects such as changes to the labor supply or private investment that could affect economic output.

A dynamic score incorporates the macroeconomic effects of policy changes on the overall economic and the secondary “feedback effects” that occur because of those changes on the overall economy. CBO has released a dynamic score of the OBBBA that estimates $85 billion of macroeconomic feedback from the legislation over the FY 2025–2034 budget window. Accounting for this feedback, CBO estimates the legislation would increase primary (non-interest) budget deficits by $2.3 trillion through FY 2034. After including the $992 billion of higher interest costs that would come from both the additional borrowing and higher interest rates, CBO estimates the OBBBA would increase budget deficits by $3.4 trillion through FY 2034 on a dynamic basis.

**Summary of CBO’s Conventional and Dynamic Scores of the House-passed OBBBA**

| | **Conventional Score** | **Dynamic Score** |
|---|---|---|
| Agriculture Committee | -$238 billion | -$238 billion |
| Armed Services Committee | $144 billion | $144 billion |
| Education and Workforce Committee | -$349 billion | -$349 billion |
| Energy and Commerce Committee | -$1.1 trillion | -$1.1 trillion |
| Financial Services Committee | -$5 billion | -$5 billion |
| Homeland Security Committee | $79 billion | $79 billion |
| Judiciary Committee | $9 billion | $9 billion |
| Natural Resources Committee | -$18 billion | -$18 billion |
| Oversight and Government Reform Committee | -$12 billion | -$12 billion |
| Transportation and Infrastructure Committee | -$37 billion | -$37 billion |
| Ways and Means Committee | $3.8 trillion | $3.8 trillion |
| Interactions | $175 billion | $175 billion |
| Macroeconomic Feedback | $0 billion | -$85 billion |
| **Total Primary Deficit Increases** | **$2.4 trillion** | **$2.3 trillion** |
| | | |
| Interest from additional borrowing | $551 billion | $551 billion |

| | | |
|---|---|---|
| Interest from higher interest rates | $0 billion | $441 billion |
| | | |
| **Total Deficit Increases** | **$3.0 trillion** | **$3.4 trillion** |

Source: CBO.

CBO's dynamic score finds the OBBBA would increase real gross domestic product (real GDP) by 0.5 percent over the 2025–2034 period. This would amount to a 0.04-percentage point improvement in the average annual growth rate over the next decade. CBO assumes short-term changes in real GDP would be driven by an increase in aggregate demand as most households' incomes after taxes and government transfers would rise.

The long-term changes in real GDP would stem from changes in potential output. Specifically, CBO estimates the labor supply would increase by 0.6 percent over the 2025–2034 period, largely due to a reduction in the marginal tax rates on labor income, which would boost incentives to work. The size of the capital stock would increase due to changes in private investment. Provisions in the OBBBA related to oil and gas production would increase incentives for private investment, while the increase in the labor supply would boost the return on investment. The OBBBA's deficit increases would, however, place upward pressure on interest rates, which would in turn crowd out private investment as investors would be forced to purchase Treasury securities instead of making productive investments in private capital. The OBBBA would boost total factor productivity through its effects on domestic oil and gas production, investments in physical infrastructure and research and development, permitting requirements, and spectrum auctions.

The added economic growth under the OBBBA would cause interest rates to rise. CBO estimates the average interest rate on 10-year Treasury notes would increase by 14 basis points (0.14-percentage points) over the 2025–2034 period. In the short term, CBO assumes the Federal Reserve would slow its cutting of interest rates. Looking further, the additional borrowing to finance the OBBBA would place an upward pressure on interest rates. CBO estimates $441 billion of additional interest spending because of higher interest rates. The OBBBA would cause a slight uptick in inflation through 2030.