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NLRB Releases FY 2026 Budget: Proposed Staffing Cuts and Focus on Efficiency and IT Modernization

Labor Relations Update on **June 9, 2025**

Amidst ongoing transitions—with the Board operating with a quorum and the President's nominee for General Counsel pending Senate confirmation—the National Labor Relations Board ("NLRB" or "Board") released its Fiscal Year ("FY") 2026 Budget Justification on May 23, 2025. The proposed budget requests $285.2 million, a *4.7% ($14 million) decrease* from the FY 2025 enacted level.

This reduction reflects anticipated savings from staffing reductions and workforce optimization, as the agency continues to address significant delays in case management across its regional offices. The proposed budget aligns with Executive Order 14210, which directs federal agencies to optimize workforce efficiency.

Mission and Strategic Goals

The NLRB's mission is to protect workplace democracy and the rights of employees, unions, and employers under the National Labor Relations Act ("NLRA"). The agency's FY 2022–2026 Strategic Plan (with the FY 2026–2030 plan under review for rollout in the FY 2027 cycle) emphasizes four primary goals: (1) effective enforcement of the NLRA, (2) protection of employee free choice in representation matters, (3) organizational excellence, and (4) efficient resource management to instill public trust.

Budget Overview and Staffing

The FY 2026 budget request is allocated as follows:

- **Labor (Salaries and Benefits):** $231 million (81.1%)
- **Information Technology, Security, and Facilities:** $23 million (7.9%)
- **Rent:** $21 million (7.5%)
- **Other Operational Costs:** $10 million (3.5%)

The agency anticipates a reduction of 99 full-time equivalents (“FTEs”), bringing total staffing to 1,152 FTEs. This decrease is driven by voluntary early retirements and deferred resignations, as part of broader efforts to address staffing imbalances and improve operational efficiency.

Information Technology and Cybersecurity Initiatives

A central focus of the FY 2026 budget is the modernization of the NLRB’s IT infrastructure. The agency is replacing its legacy NxGen Case Management System, supported by a $23.2 million investment from the Technology Modernization Fund (“TMF”).

The NLRB is also integrating Artificial Intelligence (“AI”) to automate routine tasks, enhance data analysis, and improve case-processing efficiency, in line with recent executive orders on government efficiency and responsible AI use.

Cybersecurity remains a top priority. The agency is participating in the Department of Justice’s Zero Trust Architecture pilot and is implementing advanced monitoring, data loss prevention, and compliance with federal cybersecurity mandates.

Legislative and Administrative Provisions

The NLRB is not proposing new legislation for FY 2026. The budget includes language specifying appropriations for the Office of Inspector General and maintains restrictions on the use of electronic voting in representation elections.

Audit and Oversight

The budget report identifies several open audit recommendations, including improvements to data accuracy in case management, performance-based staffing methodologies, internal controls for mail ballot elections, and enhanced cybersecurity training.

Takeaways

The NLRB’s proposed budget is designed to meet the White House’s workforce efficiency goals without resorting to mandatory layoffs. The agency’s focus on IT modernization, AI integration, and strengthened cybersecurity is intended to drive operational efficiency and transparency. The NLRB is clearly relying on these technological improvements to offset the impact of staff reductions and to maintain or improve agency performance.

The budget must still undergo several steps before approval, including review by the House and Senate appropriations committees, potential hearings, committee and full chamber votes, reconciliation of any differences, and, ultimately, the President’s signature.

If enacted, the impact of the FY 2026 budget on the agency’s ability to process unfair labor practice and representation cases remains to be seen, especially given ongoing work backlogs and staffing challenges.

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