Brotherhood of Railroad Signalmen

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Happy ~~Labor~~ Executives and Major Shareholders Day Weekend

While most American families were preparing to enjoy a long Labor Day weekend and celebrate the hard-fought gains of the Labor Movement over the last 150 years, employees of a Fortune 500 company were receiving a very different message: more cuts were coming.

Anymore, a headline like that might not even make the back page of your local newspaper. Unfortunately, workforce cuts in corporate America have become commonplace. But despite the unfortunate normalcy of such decisions, our Organization cannot in good conscience overlook the callousness and irony of this latest round of cuts, especially considering a portion of them directly affects our membership and their families.

On Thursday, September 3, just days before Labor Day, CSXT Transportation (CSXT) notified employees that additional workforce cuts were coming. CSXT and other companies often refer to such actions in more sanitized corporate terms, such as “business decisions,” “efficiencies,” or “rightsizing.” Whatever terminology is chosen, the timing of abolishing union jobs immediately before a holiday dedicated to American Labor cuts a bit deeper. It will certainly be remembered by those who lose their jobs and by those left behind to shoulder the additional work.

So how did we get here?

CSXT, like many other railroads in recent years, continues to operate under many of the philosophies associated with so-called “Precision Scheduled Railroading,” with a relentless focus on operating ratios, efficiency metrics, and shareholder returns. To the people actually working on these railroads, much of the corporate terminology surrounding these strategies can sound like little more than investor jargon used to justify doing more with less.

And in CSXT’s case, “doing more with less” is not merely a figure of speech.

According to CSXT's own second-quarter financial report, rail volume increased 6% compared with the same quarter last year. Yet CSXT's average rail headcount fell from 21,300 employees to 20,063, a reduction of 1,237 employees. CSXT further reported that certain labor costs decreased by $48 million, primarily due to lower headcount.

In other words, CSXT moved more freight with substantially fewer railroad employees.

Now, apparently, even fewer will be expected to carry the load.

The latest executive changes at CSXT also deserve consideration in this context. In September 2025, CSXT appointed Steve Angel as its new President and Chief Executive Officer. Angel previously served as Chairman and CEO of Praxair and later as CEO of Linde following the combination of Praxair and Linde AG.

His appointment came during a period of extraordinary consolidation pressure within the railroad industry. Two months earlier, Union Pacific and Norfolk Southern had announced their proposed merger, raising fundamental questions about what the future of the Class I railroad industry might look like.

But rather than speculate about anyone's motives, we can look at the facts.

When CSXT hired Mr. Angel, it agreed to compensate him with a base salary of $1.5 million per year and an annual target incentive equal to 175% of that salary, or approximately $2.6 million at target. His compensation arrangement also included a $10 million sign-on equity award. Beginning in 2026, Mr. Angel became eligible for an annual long-term incentive award, with his initial 2026 award carrying a target value of $13.5 million.

There is nothing speculative about those figures. They come directly from CSXT's own filings with the Securities and Exchange Commission.

That paints a fairly clear picture of what CSXT believes executive leadership is worth.

The question is what CSXT believes its railroaders are worth.

Industry publications routinely describe executives brought into companies during periods of significant change as "change agents," "facilitators," or "catalysts for change." But railroaders have every right to ask: What change is being facilitated, and who benefits from it?

Certainly not the employees now facing furloughs or layoffs, nor the employees left behind to absorb larger workloads.

What about the customers? Reducing the number of people available to maintain and operate a railroad certainly raises legitimate questions about service reliability and the railroad's ability to respond when problems arise.

What about the public? Railroad staffing is not merely a private concern between a corporation and its employees. Railroads are critical national infrastructure, and decisions affecting the people who inspect, maintain, repair, and operate that infrastructure deserve public scrutiny.

So who benefits?

That question becomes especially important when workforce reductions are accompanied by pressure to improve operating ratios, reduce expenses, and increase shareholder value. Railroad employees have seen this playbook before: reduce headcount, defer expenses, sideline equipment, consolidate work, and ask fewer employees to carry more of the load, all in the name of greater efficiency.

There is, however, a fundamental difference between making a railroad more efficient and simply making it smaller.

And that brings us to perhaps the most important question: Why are these cuts necessary now?

Normally, companies justify workforce reductions by pointing to difficult economic conditions, declining business, or deteriorating financial performance. The theory is simple enough: when business declines, expenses must decline with it.

But CSXT is not presently describing a company in financial distress.

Its July 22, 2026, second-quarter results reported record quarterly revenue of $3.94 billion, up 10% year over year. Operating income reached $1.51 billion, up 17%, while total volume increased 6%.

Even Mr. Angel credited CSXT railroaders for those results, stating that the company's railroaders successfully managed substantial volume growth while maintaining a consistent focus on safety and productivity, allowing CSXT to deliver improved financial performance. He went on to say that CSXT would continue strengthening service execution and building momentum across the business during the second half of the year.

So let us make sure we understand this correctly.

CSXT railroaders successfully managed substantial volume growth. They maintained their focus on safety and productivity. Their work contributed to record quarterly revenue and a 17% increase in operating income. They did it while CSXT's average rail headcount was already more than 1,200 employees lower than it was during the same quarter last year.

And now some of those railroaders are being told their jobs are no longer needed.

On Labor Day weekend.

If CSXT believes these cuts are truly necessary, then our Organization has some questions.

Have executive bonuses and incentives been reduced or suspended?

Has discretionary corporate spending been curtailed?

Have unnecessary expenditures been postponed?

Have executives taken reductions in compensation to help shoulder these supposedly necessary savings?

Has every reasonable cost-saving measure been exhausted before eliminating the jobs of the men and women who actually maintain and operate the railroad?

If the answer to those questions is no, then why should CSXT's employees be expected to shoulder the burden first?

Why should employees be restricted from ordering materials they need to perform their jobs? Why should after-hours trouble calls be deferred until straight-time hours where circumstances permit?

Why should employees be asked to monitor the idle time of company vehicles in the dead heat of a southern summer or the extreme cold of a northern winter?

And why, for crying out loud, should railroaders be furloughed while the executives making those decisions continue to receive compensation packages worth millions of dollars?

It was not very long ago that many of these same railroad employees were deemed essential workers. They continued reporting to work through a pandemic, often under conditions that exposed themselves and their families to risks while much of corporate America learned how to work remotely.

They were essential then.

What changed?

CSXT has also been an outspoken opponent of the proposed Union Pacific-Norfolk Southern merger, raising concerns about competition, service, and the potential consequences of further consolidation. Our Organization has serious concerns about that proposed merger as well.

But CSXT should recognize the contradiction in questioning another railroad's ability to provide reliable service while simultaneously reducing its own workforce. If manpower and service assurances matter when evaluating a competitor's merger proposal, then manpower should also matter when CSXT evaluates its own operating plan.

All sarcasm and frustration aside, there is a serious question underneath all of this:

When is enough enough?

When do working-class Americans demand that more of the fruits of their labor remain with the people whose labor produced them?

When will railroad executives recognize that railroads operate best when the people making decisions understand railroading as something more than numbers on a spreadsheet?

And when will this industry remember that an operating ratio is a financial measurement, not the purpose for which a railroad exists?

There was a time when railroad employees were viewed as valuable long-term assets rather than simply another expense line item available for reduction. There was a time when institutional knowledge, experience, craftsmanship, and loyalty carried weight in corporate decision-making.

The railroad industry desperately needs to rediscover some of that thinking.

Railroads are capital-intensive businesses, but capital does not inspect a signal system. It does not repair a crossing in the middle of the night. It does not respond to a trouble call in freezing temperatures. It does not work through weekends and holidays. It does not maintain the infrastructure, operate the trains, or answer the phone when something goes wrong.

People do.

More specifically, railroaders do.

Nearly 165 years ago, Abraham Lincoln addressed the relationship between labor and capital in his First Annual Message to Congress on December 3, 1861:

"*Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration.*"

Nearly 165 years later, some of this nation's most powerful corporations apparently still need to be reminded.

Happy Labor Day.

Sincerely,

Michael S. Baldwin
President

September 4, 2026