

Navigating a Shifting Employment Law Landscape in Texas: What Corporate Counsel Needs to Know

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Recent legal and regulatory developments continue to reshape the employment law landscape for Texas employers at a rapid pace. For in-house counsel across the Dallas-Fort Worth region, the challenge is not only staying current but keeping pace with changes that can affect enforceability, cost structures and day-to-day employment decisions almost immediately.

That challenge is particularly pronounced in North Texas, where a diverse and expanding employer base, ranging from established companies to organizations relocating from other states, must navigate a legal framework that often differs significantly from prior jurisdictions. At the same time, increasing divergence among state employment laws – including wage transparency and emerging workplace technology adoption/regulation – adds complexity for multistate employers operating in Texas. Against that backdrop, developments in areas such as noncompete enforcement, immigration policy, employee benefits and workplace compliance require both timely awareness and careful application.

Noncompete Enforcement Under Texas Law

The Fifth Circuit's recent decision in *Ramsey v. Sheet Pile, L.L.C.* underscores how traditional contract principles shape noncompete enforcement under Texas law. In this case, the employer terminated its CFO and failed to pay earned wages. Following termination, the employer then sought to enforce a noncompete when the employee engaged in competitive activity. A jury found that, although the employee breached the agreement, his obligations were excused because the employer materially breached the employment agreement first. The Fifth Circuit affirmed, reinforcing that restrictive covenants are only as enforceable as the employer's own compliance with an underlying agreement.

Key question to consider: Are your separation practices – including final compensation, bonuses and accrued obligations – structured to preserve the enforceability of restrictive covenants?

For in-house counsel, the practical implication is straightforward: even relatively modest compensation disputes can undermine noncompete enforcement. Ensuring clean separation practices, particularly payment of all earned compensation, and evaluating whether restrictive covenants should be housed in standalone agreements can help preserve enforcement options.

At the same time, evolving federal approaches to noncompetes, including movement away from a nationwide ban toward case-by-case enforcement, add another layer of consideration and heighten the importance of state-specific analysis.

Texas Noncompete Law Changes Specific to Health Care Employers

Texas lawmakers are also refining the noncompete landscape for the health care industry. Senate Bill 1318 significantly revised the Texas Covenants Not to Compete Act for health care providers, effective last September. The law expanded protections to dentists, nurses and physician assistants while imposing more stringent limits, including a one-year duration cap, a five-mile geographic restriction tied to a provider's primary practice location, and a buyout cap equal to annual compensation. It also requires that noncompete terms be clearly and conspicuously stated and renders physician noncompetes unenforceable in certain termination scenarios.

Key question to consider: Do your current or upcoming agreements – particularly renewals after Sept. 1, 2025 – comply with Texas's updated statutory requirements for health care noncompetes? If not, steps may need to be taken in short order to come into compliance.

These changes reflect a broad policy shift toward increased provider mobility and patient access, which require employers to revisit agreements (particularly those with recycled, form language/language viewed as “off the shelf”) well in advance of renewal. For organizations with multi-location practices, clearly documenting a primary practice site and establishing well-defined “good cause” standards will be critical to better avoiding disputes.

H-1B Visa Changes and Workforce Planning

Immigration policy developments are also reshaping workforce planning. A recent Presidential Proclamation imposes a \$100,000 fee on certain new H-1B visa petitions for beneficiaries outside the United States. Although renewals and current visa holders are not affected, the rule significantly increases the cost of hiring foreign talent. The fee is part of a broader shift in the H-1B program, including anticipated changes from a random lottery to a wage-weighted selection process, which may increasingly favor higher-compensated roles.

Key question to consider: How will increased H-1B costs and evolving selection criteria impact your hiring strategy, budgeting and long-term workforce planning?

For in-house counsel, this development elevates immigration strategy into a core business consideration. Close coordination with business leaders is necessary to evaluate hiring timelines, assess cost implications and consider alternative talent strategies where appropriate.

Employee Benefits and Compensation Changes

Changes to employee benefits and compensation further illustrate the forward-looking compliance demands facing employers. The “One Big Beautiful Bill Act” introduces a range of updates, many effective this year, including expanded Health Savings Account eligibility, increased dependent care flexible spending account limits and permanent tax treatment for certain educational assistance programs. Notably, the act’s retroactive treatment of telehealth services under high-deductible health plans may require immediate operational adjustments.

Key question to consider: Are your benefit plans and administrative practices aligned with recent changes, including retroactive telehealth coverage requirements?

For in-house counsel, the key is early coordination with HR and benefits teams to ensure that plan documents, communications and administrative practices align with these evolving requirements.

Supreme Court Clarifies Title VII Discrimination Standard

The U.S. Supreme Court’s decision in *Ames v. Ohio Department of Youth Services* clarifies that Title VII does not impose a heightened evidentiary burden on majority-group plaintiffs in discrimination cases. Although consistent with Fifth Circuit precedent, the decision reinforces that discrimination claims are evaluated under the same standard regardless of group status.

Key question to consider: Are your hiring, promotion and internal review processes consistently documented and applied in a way that supports neutral, defensible decision-making?

Employers should ensure that employment decisions are well-documented, consistently applied and neutral with respect to protected characteristics, particularly as workplace policies and diversity initiatives continue to evolve.

Cybersecurity Requirements for Employee Benefit Plans

Cybersecurity considerations are also increasingly central to employment-related compliance. Department of Labor guidance confirms that ERISA-covered plans, including employee health and welfare plans, must incorporate robust cybersecurity practices. Employers acting as plan fiduciaries are expected to vet service providers, maintain documented security programs and implement training and risk assessment protocols.

Key question to consider: Do your current benefit plan vendors and internal controls meet evolving expectations for cybersecurity and fiduciary oversight?

As employee data continues to be a target for cyber threats, these obligations should be integrated into broader enterprise risk management strategies.

Conclusion: Compliance as a Moving Target in Texas

Taken together, these developments highlight a common theme: employment law compliance in Texas is never static. For in-house counsel, particularly those supporting companies expanding into or newly established in the Dallas-Fort Worth area, understanding how Texas-specific rules differ from other jurisdictions is as important as staying current on new developments. Legal risk increasingly turns on how quickly organizations can identify changes and translate them into operational decisions.

In this environment, many legal departments benefit from a layered approach to compliance: practical, accessible updates that distill developments into what actually needs to change, combined with experienced advisors who can provide real-time insight and support internal training efforts. Equipping business leaders and HR teams, not just counsel, with clear, current information remains one of the most effective ways to mitigate risk and maintain alignment in an increasingly dynamic legal framework. Emerging areas, including regulation of artificial intelligence in employment decisions and workplace use, further signal that the pace of change is likely to only accelerate. In a market as dynamic as North Texas, the ability to translate legal change into business action is increasingly a competitive advantage. Staying in compliance helps companies get and stay ahead.

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