Deteriorating conditions at Texas’ state hospitals made headlines for years, highlighting the desperate need for significant repairs and improvements. 

Beginning in 2016, the Meadows Institute provided data-driven guidance toward the goal of developing a modernized state hospital system with facilities located closer to where people live, operated in partnership with state-funded medical schools and local health systems.

In 2017, the 85th Texas Legislature committed to an ambitious three-phase plan, beginning with an initial $300 million for the planning and implementation of new state hospital construction projects.

This brief provides an overview of funding the Texas Legislature has approved for state hospital and inpatient facility projects, including a historic $2.3 billion investment by the 88th Texas Legislature. To date, total investment in modernizing Texas’ state hospital system and expanding inpatient capacity exceeds $3.6 billion.
87th Texas Legislature appropriates $292.8M for Phase III

- $124.1M for remaining construction of the Austin State Hospital replacement.
- $152.4M for remaining construction of the San Antonio State Hospital replacement.
- $44.75M for planning and land acquisition for the Texas Behavioral Health Center in Dallas, to be operated by UT Southwestern (200 adult beds).

MAY 2023
88th Texas Legislature appropriates $2.26B

STATE HOSPITALS
- $573M to replace the Terrell State Hospital (250 beds).
- $452M to replace the Wichita Falls State Hospital (200 beds).
- $159M to construct the Amarillo State Hospital (75 beds).
- $50M for planning, land acquisition, and initial construction of a new 50-bed El Paso State Hospital.

MSU CAPACITY
- $121M to construct a 50-bed MSU facility on the Lubbock State Supported Living Center campus.
- $120M to construct a 50-bed MSU facility in the Rio Grande Valley.
- $15M to rehabilitate the Alamo Hall unit on the San Antonio State Hospital campus to add a 40-bed MSU.

COMMUNITY-OPERATED CAPACITY
- $101.9M to complete construction of the Texas Behavioral Health Center in Dallas.
- $86.7M to construct 100 additional beds at the Permian Basin Behavioral Health Center.
- $85M to construct up to 100 beds in the Rio Grande Valley.
- $64M to construct 72 beds as an addition to Baptist Hospitals of Southeast Texas in Beaumont.
- $50M to construct up to 100 beds in Montgomery County.
- $40M to construct up to 60 beds in Victoria County.
- $45M to construct 30 additional beds at Sunrise Canyon in Lubbock.
- $33.6M to construct the Uvalde Behavioral Health Campus (32 crisis beds), to be operated by Hill Country MHDD Centers.
- $7.9M for renovations and deferred maintenance at the Harris County Psychiatric Center.
- $7M to renovate an existing facility to add 44 beds at the University of Texas Health Science Center at Tyler.

COMMUNITY MATCHING GRANTS
- $100M for a grant program to fund local construction of jail diversion facilities, step-down facilities, supportive housing, crisis stabilization units, and crisis respite units.
- $15.9M for grants to construct inpatient mental health beds at children’s hospitals.

Note: Following legislative appropriations, Children’s Health donated $200 million to support a pediatric wing where UT Southwestern pediatricians will exclusively treat children and adolescent patients. Up to 96 beds will be reserved for pediatric patients, bringing the total facility to 296 beds.