The first institutions in the State of Nebraska, the State Penitentiary and the School for the Deaf, were established in 1869, and for many years institutions were operated independently. Later they were placed under the supervision of the Nebraska Conference of Charities and Corrections, followed by the Board of Public Lands and Buildings. By constitutional amendment of November 5, 1912, the management and control of institutions were vested in the Board of Commissioners of State Institutions on July 1, 1913. By constitutional amendment of September 21, 1920, the name was changed to the Board of Control. The name was changed again to the Department of Public Institutions on January 1, 1962, by action of the 1961 Legislature.

The years have seen many changes. The Board of Control served, also, as the Board of Public Welfare. Therefore, both institutions and welfare operations were supervised by the same body until January, 1962, when the Department of Public Institutions and the Department of Public Welfare became separate entities.

The following institutions were closed when their years of usefulness ceased: Genoa State Home in 1949; Home for Unwed Mothers, 1953; Nebraska Orthopedic Hospital, 1971; and Nebraska Hospital for the Tuberculous, 1972. The following institutions were transferred to other departments by legislative action: School for the Deaf and School for the Blind, to the Department of Education in 1960; School for Trainable Retarded Children at Cozad, to the Department of Education in 1961; Home for Children, to the Department of Public Welfare in 1962; and all institutions in the Division of Corrections (Nebraska Penal and Correctional Complex, State Reformatory for Women, Youth Development Center-Geneva, Youth Development Center-Kearney, and the Office of Parole Administration) to the Department of Correctional Services when it was created in 1973.

Through the years and by legislative action, other services and facilities became additional responsibilities of the managing board: Services for the Blind in 1944 (later known as Services for the Visually Impaired and the Division of Rehabilitation Services for the Visually Impaired); Nebraska Psychiatric Institute, 1947; Central Nebraska Mental Hygiene Clinic in Hastings, 1951, followed by other mental health clinics in Scottsbluff, Lincoln, Norfolk, and North Platte; Division on Alcoholism, 1967; Division of Medical Services, 1969; Division of Corrections (later to become the Department of Correctional Services), 1969; and the Office of Mental Retardation, 1969. Also, there have been many name changes, the most significant being the change from State Hospitals to Regional Centers, and the Nebraska Soldiers' and Sailors' Home to the Nebraska Veterans' Home. The latter institution is located in Grand Island, with an Annex in Norfolk, and an additional Annex to be established in Scottsbluff this year.

Many changes have occurred in the Central Office structure of the Department of Public Institutions. Although there have always been an Accounting Division (later known as General Services and then Administrative Services) and an Engineering Division, and for many years there has been a Division of Personnel, there are now Divisions of Community Mental Health and Data Systems, as well as Medical Services, Office of Mental Retardation, and Division of Rehabilitation Services for the Visually Impaired.