A new study examining the effect of prevailing-wage laws, which set a minimum salary for construction workers on public projects, concludes that they drive up the cost of taxpayer-funded projects in New York state by as much as 30%.

The report from Columbia University's Center for Urban Real Estate, to be released on Tuesday, wades into a thorny debate over the laws, which in New York mandate that trade workers on public projects be paid on par with existing labor agreements.

A new study on prevailing-wage laws, which set a minimum salary for construction workers on public projects, drew sharp condemnation from other researchers and labor unions. Here, a construction worker on a job site in New York in April.

"We're paying wages that are substantially higher than market wages," said Julia Vitullo-Martin, visiting senior fellow at the center and the study's author. "Wouldn't it be better to use those resources to pay more workers, to cut the unemployment rate and to stimulate the economy? I want the whole thing to be rethought."

The report drew sharp condemnation from other researchers and labor unions, who charged that Ms. Vitullo-Martin's analysis oversimplified actual labor costs and failed to account for the value of skilled union labor in completing public-works projects on time.

The study comes as Gov. Andrew Cuomo has proposed to spend $16 billion a year on infrastructure through his New York Works program. The use of prevailing wages would tack $3 billion annually onto that plan, the study says.

In New York City, elected officials are expected to expand the use of prevailing wages in a broader sphere of public projects, over the objections of Mayor Michael Bloomberg. The mayor has criticized the effort as an outmoded attempt by the City Council to manage the economy that would imperil job growth.

Critics of the study said Ms. Vitullo-Martin erred by simply comparing union and nonunion workers and ignoring the benefits they say trade unions offer, including better-trained workers and managers and more experienced work crews who will presumably make fewer mistakes.

The report is "just laughable," said James Parrott, deputy director and chief economist for the left-leaning Fiscal Policy Institute, which has published reports that laud prevailing-wage laws and suggest the statutes help government get a better bang for its buck.

The study's side-by-side comparison of prevailing wages and average wages in the New York region is "such an inadequate benchmark," he said, "that it reflects somebody who doesn't know what they're talking about."
Ms. Vitullo-Martin said she doesn't oppose prevailing-wage standards in principle.

The laws date to the late 19th century and were designed to keep the pressure of heavy government spending from depressing wages in the labor market, a concept Ms. Vitullo-Martin supports. Public-works projects nationwide have been covered since 1931 by the federal Davis-Bacon Act, and 38 states and the District of Columbia have their own prevailing-wage laws.

But in decades since, critics of the laws say, they have served to artificially prop up wages and empower labor unions.

The process for setting rates is cumbersome and complicated, Ms. Vitullo-Martin contends, based on surveys of large employers and labor unions. Officials at the state and national level must navigate a thicket of redundant data sets and agencies. In New York City, which has had its own prevailing-wage law since the 1890s, the comptroller is responsible for setting the rate for some 10,000 workers.

Instead, Ms. Vitullo-Martin proposes using average regional wages—already compiled by the federal Bureau of Labor Statistics—to determine what the government should pay. Such a shift would mean substantial savings but also roil organized labor.

"There are multiple studies by respected economists finding that prevailing wages don't increase costs and in fact provide benefits to taxpayers in the form of higher productivity and output," said Paul Fernandes, chief of staff for the Building and Construction Trades Council of Greater New York.

He charged that the study was "pursuing an ideological agenda against workers and organized labor, not serious research."

The report was met with silence from some elected officials, including Mr. Cuomo, whose spokesman didn't respond to a request for comment, and Mr. Bloomberg, who declined to comment. New York City Council Speaker Christine Quinn, a chief advocate of expanding prevailing wages in the city, including for building service workers, is reviewing the report. It was unlikely she would embrace a restructuring of wage calculations that would result in a pay cut for workers, a staffer said.

Ms. Vitullo-Martin said she was satisfied to spark a broader conversation as vast swaths of infrastructure around the country are set to be renewed or replaced. "Maybe there's a better way of doing this," she said.