SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED June 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM to .

Commission File Number 1-10427

ROBERT HALF INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-1648752**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2884 Sand Hill Road **Suite 200** **Menlo Park, California**	**94025**
(Address of principal executive offices)	**(zip-code)**

Registrant's telephone number, including area code: (650) 234-6000

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	RHI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐		
Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of July 31, 2020:
114,635,133 shares of $.001 par value Common Stock

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ROBERT HALF INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(in thousands, except share amounts)

	June 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 501,485	$ 270,478
Accounts receivable, net	665,409	832,797
Other current assets	553,254	525,574
Total current assets	1,720,148	1,628,849
Property and equipment, net	120,958	128,385
Right-of-use assets	245,292	241,029
Other intangible assets, net	1,080	1,752
Goodwill	209,830	210,364
Noncurrent deferred income taxes	105,069	101,029
Total assets	$ 2,402,377	$ 2,311,408
LIABILITIES		
Accounts payable and accrued expenses	$ 142,492	$ 123,841
Accrued payroll and benefit costs	714,912	743,602
Income taxes payable	44,439	1,623
Notes payable, current	228	218
Current operating lease liabilities	75,096	71,408
Total current liabilities	977,167	940,692
Notes payable, less current portion	122	239
Noncurrent operating lease liabilities	205,281	201,961
Other liabilities	63,101	24,833
Total liabilities	1,245,671	1,167,725
Commitments and Contingencies (Note I)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$.001 par value; authorized 5,000,000 shares; none issued	—	—
Common stock, \$.001 par value; authorized 260,000,000 shares; issued and outstanding 114,635,134 shares and 115,120,404 shares	115	115
Additional paid-in capital	1,154,046	1,127,487
Accumulated other comprehensive income (loss)	(27,152)	(19,986)
Retained earnings	29,697	36,067
Total stockholders' equity	1,156,706	1,143,683
Total liabilities and stockholders' equity	$ 2,402,377	$ 2,311,408

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Service revenues	$ 1,108,326	$ 1,516,385	$ 2,615,017	$ 2,984,915
Costs of services	685,249	878,844	1,581,223	1,739,786
Gross margin	423,077	637,541	1,033,794	1,245,129
Selling, general and administrative expenses	364,828	478,139	844,401	939,498
Amortization of intangible assets	330	341	668	683
Interest income, net	(105)	(1,042)	(1,062)	(2,538)
Income before income taxes	58,024	160,103	189,787	307,486
Provision for income taxes	11,828	45,491	53,676	83,076
Net income	$ 46,196	$ 114,612	$ 136,111	$ 224,410
Net income per share:				
Basic	$ .41	$ .98	$ 1.20	$ 1.92
Diluted	$ .41	$ .98	$ 1.20	$ 1.91
Shares:				
Basic	112,865	116,381	113,026	116,722
Diluted	113,121	116,988	113,489	117,475
Dividends declared per share	$ .34	$ .31	$ .68	$ .62

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
COMPREHENSIVE INCOME (LOSS):				
Net income	$ 46,196	$114,612	$136,111	$224,410
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax	6,534	2,146	(7,166)	249
Total comprehensive income (loss)	$ 52,730	$116,758	$128,945	$224,659

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(in thousands, except per share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Par Value				
Balance at December 31, 2019	115,120	$ 115	$ 1,127,487	$ (19,986)	$ 36,067	$ 1,143,683
Net income	—	—	—	—	89,915	89,915
Adoption of accounting pronouncement	—	—	—	—	(558)	(558)
Other comprehensive income (loss)	—	—	—	(13,700)	—	(13,700)
Dividends declared ($.34 per share)	—	—	—	—	(39,441)	(39,441)
Net issuances of restricted stock	745	1	(1)	—	—	—
Stock-based compensation	—	—	13,525	—	—	13,525
Repurchases of common stock	(1,263)	(1)	—	—	(63,498)	(63,499)
Balance at March 31, 2020	114,602	$ 115	$ 1,141,011	$ (33,686)	$ 22,485	$ 1,129,925
Net income	—	—	—	—	46,196	46,196
Other comprehensive income (loss)	—	—	—	6,534	—	6,534
Dividends declared ($.34 per share)	—	—	—	—	(38,975)	(38,975)
Net issuances of restricted stock	33	—	—	—	—	—
Stock-based compensation	—	—	13,035	—	—	13,035
Repurchases of common stock	0	0	—	—	(9)	(9)
Balance at June 30, 2020	114,635	$ 115	$ 1,154,046	$ (27,152)	$ 29,697	$ 1,156,706

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Par Value				
Balance at December 31, 2018	119,078	$ 119	$ 1,079,188	$ (16,109)	$ —	$ 1,063,198
Net income	—	—	—	—	109,798	109,798
Other comprehensive income (loss)	—	—	—	(1,897)	—	(1,897)
Dividends declared ($.31 per share)	—	—	—	—	(36,998)	(36,998)
Net issuances of restricted stock	281	—	—	—	—	—
Stock-based compensation	—	—	11,244	—	—	11,244
Repurchases of common stock	(1,038)	(1)	—	—	(68,315)	(68,316)
Balance at March 31, 2019	118,321	$ 118	$ 1,090,432	$ (18,006)	$ 4,485	$ 1,077,029
Net income	—	—	—	—	114,612	114,612
Other comprehensive income (loss)	—	—	—	2,146	—	2,146
Dividends declared ($.31 per share)	—	—	—	—	(36,597)	(36,597)
Net issuances of restricted stock	271	1	(1)	—	—	—
Stock-based compensation	—	—	11,670	—	—	11,670
Repurchases of common stock	(1,031)	(1)	—	—	(59,632)	(59,633)
Balance at June 30, 2019	117,561	$ 118	$ 1,102,101	$ (15,860)	$ 22,868	$ 1,109,227

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)
are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Six Months Ended June 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 136,111	$ 224,410
Adjustments to reconcile net income to net cash provided by operating activities:		
Allowance for credit losses	6,713	3,535
Depreciation	31,509	31,740
Amortization of cloud computing implementation costs	7,569	372
Amortization of intangible assets	668	683
Stock-based compensation	26,560	22,914
Deferred income taxes	(4,289)	(2,015)
Changes in assets and liabilities:		
Accounts receivable	153,913	(50,943)
Capitalized cloud computing implementation costs	(18,846)	(11,914)
Accounts payable and accrued expenses	23,095	(15,047)
Accrued payroll and benefit cost	12,461	32,144
Income taxes payable	43,723	4,702
Other assets and liabilities, net	6,755	7,246
Net cash flows provided by operating activities	425,942	247,827
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(22,264)	(28,625)
Payments for employee deferred compensation plans	(49,098)	(40,336)
Redemptions from employee deferred compensation plans	28,347	21,232
Net cash flows used in investing activities	(43,015)	(47,729)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	(107)	(98)
Repurchases of common stock	(69,977)	(133,617)
Dividends paid	(78,916)	(73,960)
Net cash flows used in financing activities	(149,000)	(207,675)
Effect of exchange rate fluctuations	(2,920)	438
Change in cash and cash equivalents	231,007	(7,139)
Cash and cash equivalents at beginning of period	270,478	276,579
Cash and cash equivalents at end of period	$ 501,485	$ 269,440
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Non-cash items:		
Stock repurchases awaiting settlement	$ —	$ 5,691

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

Note A—Summary of Significant Accounting Policies

Nature of Operations. Robert Half International Inc. (the "Company") provides specialized staffing and risk consulting services through such divisions as *Accountemps*®, *Robert Half*® *Finance & Accounting*, *OfficeTeam*®, *Robert Half*® *Technology*, *Robert Half*® *Management Resources*, *Robert Half*® *Legal*, *The Creative Group*®, and *Protiviti*®. The Company, through its *Accountemps*, *Robert Half Finance & Accounting*, and *Robert Half Management Resources* divisions, is a specialized provider of temporary, full-time, and senior-level project professionals in the fields of accounting and finance. *OfficeTeam* specializes in highly skilled temporary administrative support professionals. *Robert Half Technology* provides project and full-time technology professionals. *Robert Half Legal* provides temporary, project, and full-time staffing of lawyers, paralegals and legal support personnel. *The Creative Group* provides creative, digital, marketing, advertising and public relations professionals. *Protiviti* is a global consulting firm that helps companies solve problems in finance, technology, operations, data, analytics, governance, risk and internal audit, and is a wholly-owned subsidiary of the Company. Revenues are predominantly derived from specialized staffing services. The Company operates in North America, South America, Europe, Asia and Australia. The Company is a Delaware corporation.

Basis of Presentation. The unaudited Condensed Consolidated Financial Statements ("Financial Statements") of the Company are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the rules of the Securities and Exchange Commission ("SEC"). Certain reclassifications have been made to prior year's condensed consolidated financial statements to conform to the 2020 presentation. The comparative year-end Condensed Consolidated Statement of Financial Position data presented was derived from audited financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of the financial position and results of operations for the periods presented have been included. These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of the Company for the year ended December 31, 2019, included in its Annual Report on Form 10-K. The results of operations for any interim period are not necessarily indicative of, nor comparable to, the results of operations for a full year.

Principles of Consolidation. The Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As of June 30, 2020, such estimates include allowances for credit losses, variable consideration, workers' compensation losses, income and other taxes, and assumptions used in the Company's goodwill impairment assessment and in the valuation of stock grants subject to market conditions.

In March 2020, the World Health Organization announced that a novel strain of coronavirus ("COVID-19") had become pandemic. The subsequent global stay-at-home orders resulted in significant travel restrictions and business closures. These actions have led to global economic disruptions. We are continuing to monitor the efforts to mitigate the spread of COVID-19, including uncertainty around the duration and extent of the stay-at-home orders and the effect on the Company's results of operations, financial condition, and liquidity. In light of the economic disruption, we face a greater degree of uncertainty than normal in making the judgments and estimates needed to apply the Company's significant accounting policies. As the situation continues to develop, we may make changes to these estimates and judgments over time, which could result in meaningful impacts to the Company's financial statements in future periods. Actual results and outcomes may differ from management's estimates and assumptions.

Service Revenues. The Company derives its revenues from three segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. Revenues are recognized when promised goods or services are delivered to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. See Note C for further discussion of the revenue recognition accounting policy.

Costs of Services. Direct costs of temporary and consultant staffing consist of payroll, payroll taxes and benefit costs for the Company's engagement professionals, as well as reimbursable expenses. Direct costs of permanent placement staffing services consist of reimbursable expenses. Risk consulting and internal audit direct costs of services include professional staff payroll, contract labor payroll, payroll taxes and benefit costs, as well as reimbursable expenses.

Advertising Costs. The Company expenses all advertising costs as incurred. Advertising costs were $6.7 million and $21.2 million for the three and six months ended June 30, 2020, respectively, and $15.0 million and $27.8 million for the three and six months ended June 30, 2019, respectively.

Allowance for Credit Losses. The Company is exposed to credit losses resulting from the inability of its customers to make required payments. The Company establishes an allowance for these potential credit losses based on its review of customers' credit profiles, historical loss statistics, prepayments, recoveries, current business conditions and macro-economic trends. The Company considers risk characteristics of trade receivables based on asset type, size, term, and geographical locations to evaluate trade receivables on a collective basis. The Company applies credit loss estimates to these pooled receivables to determine expected credit losses.

The following table sets forth the activity in credit losses from December 31, 2019, through June 30, 2020 (in thousands):

	Credit Loss
Balance as of December 31, 2019	$ 22,885
Adoption of accounting pronouncement	558
Balance as of January 1, 2020	$ 23,443
Charges to expense	6,713
Deductions	(4,101)
Other, including translation adjustments	(1,018)
Balance as of June 30, 2020	$ 25,037

Goodwill and Intangible Assets. Goodwill and intangible assets primarily consist of the cost of acquired companies in excess of the fair market value of their net tangible assets at the date of acquisition. Identifiable intangible assets are amortized over their lives, typically ranging from two to five years. Goodwill is not amortized, but is tested at least annually for impairment, or on an as needed interim basis.

Internal-use Software. The Company capitalizes direct costs incurred in the development of internal-use software. Cloud computing implementation costs incurred in hosting arrangements are capitalized and reported as a component of other current assets. All other internal-use software development costs are capitalized and reported as a component of computer software within property and equipment on the unaudited Condensed Consolidated Statement of Financial Position. Capitalized internal-use software development costs were $9.9 million and $22.9 million for the three and six months ended June 30, 2020, respectively, and $7.9 million and $12.9 million for the three and six months ended June 30, 2019, respectively.

Note B—New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Current Expected Credit Losses Model. In June 2016, the FASB issued authoritative guidance amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model, which is a new impairment model based on expected losses. The new guidance is effective for interim and annual reporting periods beginning after December 15, 2019. The Company has adopted the new guidance prospectively as of January 1, 2020, and the impact of adoption was not material to its financial statements.

Simplifying the Test for Goodwill Impairment. In January 2017, the FASB issued authoritative guidance to simplify the goodwill impairment testing process. The new standard eliminates Step 2 of the goodwill impairment test. If a company determines in Step 1 of the goodwill impairment test that the carrying value of goodwill is greater than the fair value, an impairment in that amount should be recorded to the income statement, rather than proceeding to Step 2. The new guidance is effective for the Company for fiscal years beginning after December 15, 2019, although early adoption is permitted. The Company has adopted the new guidance prospectively as of January 1, 2020, and the impact of adoption was not material to its financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

Reference Rate Reform. In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company believes this guidance will not have a material impact on its financial statements.

Note C—Revenue Recognition

The Company derives its revenues from three segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. Revenues are recognized when promised goods or services are delivered to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Service revenues as presented in the unaudited Condensed Consolidated Statements of Operations represent services rendered to customers less variable consideration, such as sales adjustments and allowances. Reimbursements, including those related to travel and out-of-pocket expenses, are also included in service revenues and equivalent amounts of reimbursable expenses are included in costs of services.

Temporary and consultant staffing revenues. Temporary and consultant staffing revenues from contracts with customers are recognized in the amount to which the Company has a right to invoice, when the services are rendered by the Company’s engagement professionals. The substantial majority of engagement professionals placed on assignment by the Company are the Company’s legal employees while they are working on assignments. The Company pays all related costs of employment, including workers’ compensation insurance, state and federal unemployment taxes, social security and certain fringe benefits. The Company assumes the risk of acceptability of its employees to its customers.

The Company records temporary and consultant staffing revenue on a gross basis as a principal versus on a net basis as an agent in the presentation of revenues and expenses. The Company has concluded that gross reporting is appropriate because the Company (i) has the risk of identifying and hiring qualified employees, (ii) has the discretion to select the employees and establish their price and duties and (iii) bears the risk for services that are not fully paid for by customers. Fees paid to Time Management or Vendor Management service providers selected by clients are recorded as a reduction of revenues, as the Company is not the primary obligor with respect to those services.

Permanent placement staffing revenues. Permanent placement staffing revenues from contracts with customers are primarily recognized when employment candidates accept offers of permanent employment. The Company has a substantial history of estimating the financial impact of permanent placement candidates who do not remain with its clients through the 90-day guarantee period. These amounts are established based primarily on historical data and are recorded as liabilities. Fees to clients are generally calculated as a percentage of the new employee's annual compensation. No fees for permanent placement services are charged to employment candidates.

Risk consulting and internal audit services revenues. Risk consulting and internal audit services are generally provided on a time-and-material basis or fixed-fee basis. Revenues earned under time-and-material arrangements and fixed-fee arrangements are recognized using a proportional performance method. Revenue is measured using cost incurred relative to total estimated cost for the engagement to measure progress towards satisfying the Company's performance obligations. Cost incurred represents work performed and thereby best depicts the transfer of control to the customer. Risk consulting and internal audit services generally contain one or more performance obligation(s) which are satisfied over a period of time. Revenues are recognized over time as the performance obligations are satisfied, because the services provided do not have any alternative use to the Company, and contracts generally include language giving the Company an enforceable right to payment for services provided to date.

The Company periodically evaluates the need to provide for any losses on these projects, and losses are recognized when it is probable that a loss will be incurred.

The following table presents the Company's revenues disaggregated by line of business (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Accountemps	$ 322,596	$ 486,992	$ 803,037	$ 970,465
OfficeTeam	132,730	261,034	371,766	513,069
Robert Half Technology	151,542	179,375	334,965	351,303
Robert Half Management Resources	146,518	175,311	335,738	352,502
Temporary and consulting staffing	753,386	1,102,712	1,845,506	2,187,339
Permanent placement staffing	71,030	140,894	191,519	272,456
Risk consulting and internal audit services	283,910	272,779	577,992	525,120
Service revenues	$ 1,108,326	$ 1,516,385	$ 2,615,017	$ 2,984,915

Payment terms in the Company's contracts vary by the type and location of the Company's customer and the services offered. The term between invoicing and when payment is due is not significant.

Contracts with multiple performance obligations are recognized as performance obligations are delivered, and contract value is allocated based on relative stand-alone selling values of the services and products in the arrangement. As of June 30, 2020, aggregate transaction price allocated to the performance obligations that are unsatisfied for contracts with an expected duration of greater than one year was $132.6 million. Of this amount, $122.3 million is expected to be recognized within the next twelve months. As of June 30, 2019, aggregate transaction price allocated to the performance obligations that are unsatisfied for contracts with an expected duration of greater than one year was $94.5 million.

Contract liabilities are recorded when cash payments are received or due in advance of performance and are reflected in accounts payable and accrued expenses on the unaudited Condensed Consolidated Statement of Financial Position. The following table sets forth the activity in contract liabilities from December 31, 2018, through June 30, 2020 (in thousands):

	Contract Liabilities
Balance as of December 31, 2018	$ 12,997
Payments in advance of satisfaction of performance obligations	13,030
Revenue recognized	(12,072)
Other, including translation adjustments	(1,007)
Balance as of December 31, 2019	$ 12,948
Payments in advance of satisfaction of performance obligations	11,847
Revenue recognized	(13,509)
Other, including translation adjustments	548
Balance as of June 30, 2020	$ 11,834

Note D—Other Current Assets

Other current assets consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Deferred compensation plans	$ 418,074	$ 398,442
Prepaid expenses	87,597	84,364
Other	47,583	42,768
Other current assets	$ 553,254	$ 525,574

Note E—Property and Equipment, Net

Property and equipment consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Computer hardware	$ 164,131	$ 164,547
Computer software	294,143	291,681
Furniture and equipment	90,083	88,136
Leasehold improvements	154,592	150,644
Property and equipment, cost	702,949	695,008
Accumulated depreciation	(581,991)	(566,623)
Property and equipment, net	$ 120,958	$ 128,385

Note F—Leases

The Company has operating leases for corporate and field offices, and certain equipment. The Company's leases have remaining lease terms of less than 1 year to 10 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year. Operating lease expenses were $20.0 million and $39.9 million for the three and six months ended June 30, 2020, respectively, $17.9 million and $35.9 million for the three and six months ended June 30, 2019, respectively.

Supplemental cash flow information related to leases consisted of the following (in thousands):

	Six Months Ended June 30,	
	2020	2019
Cash paid for operating lease liabilities	$ 41,539	$ 39,291
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 18,134	$ 19,823

Supplemental balance sheet information related to leases consisted of the following:

	June 30, 2020	December 31, 2019
Weighted average remaining lease term for operating leases	4.6 years	4.8 years
Weighted average discount rate for operating leases	2.8%	3.0%

Future minimum lease payments under non-cancellable leases as of June 30, 2020, were as follows (in thousands):

2020 (excluding the six months ended June 30, 2020)	$ 41,605
2021	75,031
2022	57,790
2023	47,709
2024	37,314
Thereafter	39,474
Less: Imputed interest	(18,546)
Present value of operating lease liabilities (a)	$ 280,377

(a) Includes current portion of $75.1 million for operating leases.

As of June 30, 2020, the Company had additional future minimum lease obligations totaling $16.1 million under operating leases that had not yet commenced. These operating leases include agreements for corporate and field office facilities with lease terms of 5 years to 8 years.

Note G—Goodwill

The following table sets forth the activity in goodwill from December 31, 2019, through June 30, 2020 (in thousands):

	Goodwill			
	Temporary and consultant staffing	Permanent placement staffing	Risk consulting and internal audit services	Total
Balance as of December 31, 2019	$134,210	$ 26,097	$ 50,057	$210,364
Foreign currency translation adjustments	(245)	(66)	(223)	(534)
Balance as of June 30, 2020	$133,965	$ 26,031	$ 49,834	$209,830

The Company completed its annual assessment of the recoverability of goodwill as of June 30, 2020, and determined there were no events or circumstances that would more likely than not reduce the fair value of the Company's reporting units below their carrying value.

Note H—Accrued Payroll and Benefit Costs

Accrued payroll and benefit costs consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Employee deferred compensation plans	$ 428,683	$ 421,198
Payroll and benefits	257,190	280,918
Payroll taxes	7,816	21,831
Workers' compensation	21,223	19,655
Accrued payroll and benefit costs	$ 714,912	$ 743,602

The Company, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, deferred paying $37.5 million of applicable payroll taxes as of June 30, 2020, which is included in other liabilities in the unaudited Condensed Consolidated Statements of Financial Position.

The Company provides various qualified defined contribution 401(k) plans covering eligible employees. The plans offer a savings feature with the Company matching employee contributions. Assets of this plan are held by an independent trustee for the sole benefit of participating employees. Nonqualified plans are provided for employees not eligible for the qualified plans. These plans include provisions for salary deferrals and Company matching and discretionary contributions. The asset value of the nonqualified plans was $418.1 million and $398.4 million as of June 30, 2020 and December 31, 2019, respectively, and is included in other current assets in the unaudited Condensed Consolidated Statements of Financial Position. The liability value for the nonqualified plans was $428.7 million and $421.2 million as of June 30, 2020 and December 31, 2019, respectively, and is included in current accrued payroll and benefit costs in the unaudited Condensed Consolidated Statements of Financial Position. Deferred compensation plan and other benefits related to the Company's executive chairman were $88.3 million and $91.8 million as of June 30, 2020 and December 31, 2019, respectively, and are included in the liability value for the nonqualified plans. Net unrealized gains and (losses) on these nonqualified plan assets and liabilities were $47.8 million and $(1.0) million for the three and six months ended June 30, 2020, respectively, and $6.4 million and $30.1 million for the three and six months ended June 30, 2019, respectively.

The Company's contribution expense for its qualified defined contribution plans and nonqualified benefits plans totaled $6.7 million and $12.3 million for the three and six months ended June 30, 2020, respectively, and $4.8 million and $8.4 million for the three and six months ended June 30, 2019, respectively.

The Company has statutory defined contribution plans and defined benefit plans outside the U.S., which are not material.

Note I—Commitments and Contingencies

On March 23, 2015, Plaintiff Jessica Gentry, on her own behalf and on behalf of a putative class of allegedly similarly situated individuals, filed a complaint against the Company in the Superior Court of California, San Francisco County, which was subsequently amended on October 23, 2015. The complaint alleges that a putative class of current and former employees of the Company working in California since March 13, 2010 were denied compensation for the time they spent interviewing "for temporary and permanent employment opportunities" as well as performing activities related to the interview process. Gentry seeks recovery on her own behalf and on behalf of the putative class in an unspecified amount for this allegedly unpaid compensation. Gentry also seeks recovery of an unspecified amount for the alleged failure of the Company to provide her and the putative class with accurate wage statements. Gentry also seeks an unspecified amount of other damages, attorneys' fees, and statutory penalties, including penalties for allegedly not paying all wages due upon separation to former employees and statutory penalties on behalf of herself and other allegedly "aggrieved employees" as defined by California's Labor Code Private Attorney General Act ("PAGA"). On January 4, 2016, the Court denied a motion by the Company to compel all of Gentry's claims, except the PAGA claim, to individual arbitration. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding and, accordingly, no amounts have been provided in the Company's Financial Statements. The Company believes it has meritorious defenses to the allegations and the Company intends to continue to vigorously defend against the litigation.

On April 6, 2018, Plaintiff Shari Dorff, on her own behalf and on behalf of a putative class of allegedly similarly situated individuals, filed a complaint against the Company in the Superior Court of California, County of Los Angeles. In addition to certain claims individual to Plaintiff Dorff, the complaint alleges that salaried recruiters based in California have been misclassified as exempt employees and seeks an unspecified amount for: unpaid wages resulting from such alleged misclassification; alleged failure to provide a reasonable opportunity to take meal periods and rest breaks; alleged failure to pay wages on a timely basis both during employment and upon separation; alleged failure to comply with California requirements regarding wage statements and record-keeping; and alleged improper denial of expense reimbursement. Plaintiff Dorff also seeks an unspecified amount of other damages, attorneys' fees, and penalties, including but not limited to statutory penalties on behalf of herself and other allegedly "aggrieved employees" as defined by PAGA. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding and, accordingly, no amounts have been provided in the Company's Financial Statements. The Company believes it has meritorious defenses to the allegations and the Company intends to continue to vigorously defend against the litigation.

The Company is involved in a number of other lawsuits arising in the ordinary course of business. While management does not expect any of these other matters to have a material adverse effect on the Company's results of operations, financial position or cash flows, litigation is subject to certain inherent uncertainties.

Legal costs associated with the resolution of claims, lawsuits and other contingencies are expensed as incurred.

In May 2020, the Company entered into a new $100 million unsecured revolving credit facility (the "364-Day Credit Agreement"). Borrowings under the 364-Day Credit Agreement will bear interest in accordance with the terms of the borrowing, which typically will be calculated according to the LIBOR plus an applicable margin. The 364-Day Credit Agreement is subject to certain financial covenants and the Company was in compliance with these covenants as of June 30, 2020. There were no borrowings under the 364-Day Credit Agreement as of June 30, 2020.

Note J—Stockholders' Equity

Stock Repurchase Program. As of June 30, 2020, the Company is authorized to repurchase, from time to time, up to 1.5 million additional shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions. The number and the cost of common stock shares repurchased during the six months ended June 30, 2020 and 2019, are reflected in the following table (in thousands):

	Six Months Ended June 30,	
	2020	**2019**
Common stock repurchased (in shares)	983	1,812
Common stock repurchased	$ 51,477	$ 111,228

Additional stock repurchases were made in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable statutory withholding taxes. The number and the cost of repurchases related to employee stock plans made during the six months ended June 30, 2020 and 2019, are reflected in the following table (in thousands):

	Six Months Ended June 30,	
	2020	**2019**
Repurchases related to employee stock plans (in shares)	280	257
Repurchases related to employee stock plans	$ 12,031	$ 16,721

The repurchased shares are held in treasury and are presented as if constructively retired. Treasury stock is accounted for using the cost method. Repurchase activity for the three and six months ended June 30, 2020 and 2019, is presented in the unaudited Condensed Consolidated Statements of Stockholders' Equity.

Repurchases of shares and issuances of dividends are applied first to the extent of retained earnings and any remaining amounts are applied to additional paid-in capital.

Note K—Net Income Per Share

The calculation of net income per share for the three and six months ended June 30, 2020 and 2019, is reflected in the following table (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 46,196	$ 114,612	$ 136,111	$ 224,410
Basic:				
Weighted average shares	112,865	116,381	113,026	116,722
Diluted:				
Weighted average shares	112,865	116,381	113,026	116,722
Dilutive effect of potential common shares	256	607	463	753
Diluted weighted average shares	113,121	116,988	113,489	117,475
Net income per share:				
Basic	$ .41	$ .98	$ 1.20	$ 1.92
Diluted	$ .41	$ .98	$ 1.20	$ 1.91

Note L—Business Segments

The Company has three reportable segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. Operating segments are defined as components of the Company for which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The temporary and consultant staffing segment provides specialized staffing in the accounting and finance, administrative and office, information technology, legal, advertising, marketing and web design fields. The permanent placement staffing segment provides full-time personnel in the accounting, finance, administrative and office, and information technology fields. The risk consulting and internal audit services segment provides business and technology risk consulting and internal audit services.

The accounting policies of the segments are set forth in Note A—"Summary of Significant Accounting Policies" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The Company evaluates performance based on income from operations before net interest income, intangible asset amortization expense, and income taxes.

The following table provides a reconciliation of revenue and operating income by reportable segment to consolidated results for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Service revenues				
Temporary and consultant staffing	$ 753,386	$ 1,102,712	$ 1,845,506	$ 2,187,339
Permanent placement staffing	71,030	140,894	191,519	272,456
Risk consulting and internal audit services	283,910	272,779	577,992	525,120
	$ 1,108,326	$ 1,516,385	$ 2,615,017	$ 2,984,915
Operating income				
Temporary and consultant staffing	$ 28,390	$ 105,238	$ 122,154	$ 211,256
Permanent placement staffing	(248)	25,344	10,663	46,901
Risk consulting and internal audit services	30,107	28,820	56,576	47,474
	58,249	159,402	189,393	305,631
Amortization of intangible assets	330	341	668	683
Interest income, net	(105)	(1,042)	(1,062)	(2,538)
Income before income taxes	$ 58,024	$ 160,103	$ 189,787	$ 307,486

Note M—Subsequent Events

On July 30, 2020, the Company announced the following:

Quarterly dividend per share	$.34
Declaration date	July 30, 2020
Record date	August 25, 2020
Payment date	September 15, 2020

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain information contained in Management's Discussion and Analysis and in other parts of this report may be deemed forward-looking statements regarding events and financial trends that may affect the Company's future operating results or financial positions. These statements may be identified by words such as "estimate", "forecast", "project", "plan", "intend", "believe", "expect", "anticipate", or variations or negatives thereof or by similar or comparable words or phrases. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the statements. These risks and uncertainties include, but are not limited to, the following: changes to or new interpretations of U.S. or international tax regulations, the global financial and economic situation; the duration and impact of the COVID-19 pandemic and efforts to mitigate its spread; changes in levels of unemployment and other economic conditions in the United States or foreign countries where the Company does business, or in particular regions or industries; reduction in the supply of candidates for temporary employment or the Company's ability to attract candidates; the entry of new competitors into the marketplace or expansion by existing competitors; the ability of the Company to maintain existing client relationships and attract new clients in the context of changing economic or competitive conditions; the impact of competitive pressures, including any change in the demand for the Company's services, on the Company's ability to maintain its margins; the possibility of the Company incurring liability for its activities, including the activities of its engagement professionals, or for events impacting its engagement professionals on clients' premises; the possibility that adverse publicity could impact the Company's ability to attract and retain clients and candidates; the success of the Company in attracting, training, and retaining qualified management personnel and other staff employees and in managing the recently announced leadership transition; the Company's ability to comply with governmental regulations affecting personnel services businesses in particular or employer/ employee relationships in general; whether there will be ongoing demand for Sarbanes-Oxley or other regulatory compliance services; the Company's reliance on short-term contracts for a significant percentage of its business; litigation relating to prior or current transactions or activities, including litigation that may be disclosed from time to time in the Company's Securities and Exchange Commission ("SEC") filings; the ability of the Company to manage its international operations and comply with foreign laws and regulations; the impact of fluctuations in foreign currency exchange rates; the possibility that the additional costs the Company will incur as a result of health care reform legislation may adversely affect the Company's profit margins or the demand for the Company's services; the possibility that the Company's computer and communications hardware and software systems could be damaged or their service interrupted or the Company could experience a cybersecurity breach; and the possibility that the Company may fail to maintain adequate financial and management controls and as a result suffer errors in its financial reporting. Additionally, with respect to Protiviti, other risks and uncertainties include the fact that future success will depend on its ability to retain employees and attract clients; there can be no assurance that there will be ongoing demand for Sarbanes-Oxley or other regulatory compliance services; failure to produce projected revenues could adversely affect financial results; and there is the possibility of involvement in litigation relating to prior or current transactions or activities. Because long-term contracts are not a significant part of the Company's business, future results cannot be reliably predicted by considering past trends or extrapolating past results.

Executive Overview

The global outbreak of the coronavirus disease 2019 ("COVID-19") was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government in March 2020. The subsequent global stay-at-home orders resulted in significant travel restrictions and business closures. These actions have led to global economic disruptions. The Company has prioritized the health and safety of its employees, and virtually all global staffing and Protiviti employees have been working remotely. The Company has maintained full operations even where physical locations have remained closed. Given the magnitude of the COVID-19 impact on the Company's business, we have worked to effectively manage our costs and pursue revenue-generation opportunities.

Demand for the Company's temporary and consulting staffing, permanent placement staffing, and risk consulting and internal audit services is largely dependent upon general economic and labor trends both domestically and abroad. The extent of the economic disruption on the Company's operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related actions taken by the U.S. government, state and local government officials, and international governments to prevent disease spread, all of which are uncertain and cannot be predicted.

The Company's financial results for the first half of 2020 were clearly affected by the economic crisis resulting from the COVID-19 pandemic, most acutely in the Company's staffing business. During the first half of 2020 net service revenues were $2.62 billion, a decrease of 12% from the prior year. Net income for the first half of 2020 was $136 million and diluted net income per share was $1.20. Risk consulting and internal audit services experienced strong revenue growth increasing by 10%, offset by declines in temporary and consultant staffing of 16% and permanent placement staffing of 30% during the first half of 2020, compared to the first half of 2019. The Company's staffing clients, most of whom are small and midsize businesses, are feeling the crisis, and the downstream effect is a much tougher business climate for the Company.

Demand for Protiviti's services was broad-based across its diversified service offerings, including internal audit, technology consulting and regulatory compliance consulting. Protiviti had a strong first half of 2020 and continues to benefit from strong solutions offerings and pipeline.

The United States economic backdrop as we ended the first half of 2020 was one of slowdown and uncertainty as real gross domestic product ("GDP") decreased 5.0% and 32.9% for the first and second quarter, respectively, while the unemployment rate increased from 3.5% in December 2019 to 11.1% at the end of the second quarter of 2020, respectively. In one quarter's time, we have shifted from operating in a candidate-constrained labor market to a labor market with unprecedented unemployment levels.

We monitor various economic indicators and business trends in all of the countries in which we operate to anticipate demand for the Company's services. We evaluate these trends to determine the appropriate level of investment, including personnel, which will best position the Company for success in the current and future global macroeconomic environment. The Company's investments in headcount are typically structured to proactively support and align with expected revenue growth trends. We have limited visibility into future revenues not only due to the dependence on macroeconomic conditions noted above, but also because of the relatively short duration of the Company's client engagements. Accordingly, we typically assess headcount and other investments on at least a quarterly basis. As such, during the first half of 2020, we took actions to reduce operating costs including laying off the Company's less experienced and lower performing staff. Impacted corporate staff were furloughed with paid benefits, awaiting a return to higher activity levels.

Capital expenditures, including $8 million for cloud computing arrangements, for the six months ended June 30, 2020, totaled $16 million, approximately 71% of which represented investments in software initiatives and technology infrastructure, both of which are important to the Company's sustainability and future growth opportunities. Capital expenditures for cloud computing arrangements are included in cash flows from operating activities on the Company's Condensed Consolidated Statements of Cash Flows. Capital expenditures also included amounts spent on tenant improvements and furniture and equipment in the Company's leased offices. We currently expect that 2020 capital expenditures will range from $75 million to $85 million, of which $45 million to $55 million relates to software initiatives and technology infrastructure, including capitalized costs related to implementation of cloud computing arrangements.

Critical Accounting Policies and Estimates

The Company's most critical accounting policies and estimates are those that involve subjective decisions or assessments and are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. There were no material changes to the Company's critical accounting policies or estimates for the six months ended June 30, 2020.

Recent Accounting Pronouncements

See Note B—"New Accounting Pronouncements" to the Company's Condensed Consolidated Financial Statements included under Part I—Item 1 of this report.

Results of Operations

Demand for the Company's temporary and consulting staffing, permanent placement staffing, and risk consulting and internal audit services is largely dependent upon general economic and labor market conditions both domestically and abroad. Because of the inherent difficulty in predicting economic trends, future demand for the Company's services cannot be forecast with certainty. The Company's investments in technology have allowed its internal staff to remain fully functional during this pandemic. We have found innovative ways to maintain connections with candidates and clients in a remote environment and we believe the Company is well positioned to meet the demand of our customers.

The Company's second-quarter results were clearly affected by the economic crisis resulting from the COVID-19 pandemic, most acutely in our staffing business. Protiviti had an outstanding quarter and continues to benefit from strong solutions offerings and pipeline. We are encouraged by recent signs of week-on-week sequential growth in our staffing operations at the end of the second quarter. Although significant uncertainty continues, we approach the third quarter with optimism.

The Company's temporary and permanent placement staffing business has 326 offices in 42 states, the District of Columbia and 17 foreign countries, while Protiviti has 63 offices in 23 states and 12 foreign countries.

Non-GAAP Financial Measures

The financial results of the Company are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and the rules of the SEC. To help readers understand the Company’s financial performance, the Company supplements its GAAP financial results with revenue growth rates derived from non-GAAP revenue amounts.

Variations in the Company’s financial results include the impact of changes in foreign currency exchange rates and billing days. The Company provides “as adjusted” revenue growth calculations to remove the impact of these items. These calculations show the year-over-year revenue growth rates for the Company’s reportable segments on both a reported basis and also on an as adjusted basis for global, U.S. and international operations. The Company has provided this data because it focuses on the Company’s revenue growth rates attributable to operating activities and aids in evaluating revenue trends over time. The Company expresses year-over-year revenue changes as calculated percentages using the same number of billing days and constant currency exchange rates.

In order to calculate constant currency revenue growth rates, as reported amounts are retranslated using foreign currency exchange rates from the prior year’s comparable period. Management then calculates a global, weighted-average number of billing days for each reporting period based upon input from all countries and all lines of business. In order to remove the fluctuations caused by comparable periods having different billing days, the Company calculates same billing day revenue growth rates by dividing each comparative period’s reported revenues by the calculated number of billing days for that period to arrive at a per billing day amount. Same billing day growth rates are then calculated based upon the per billing day amounts. The term “as adjusted” means that the impact of different billing days and constant currency fluctuations are removed from the revenue growth rate calculation.

The non-GAAP financial measures provided herein may not provide information that is directly comparable to that provided by other companies in the Company’s industry, as other companies may calculate such financial results differently. The Company’s non-GAAP financial measures are not measurements of financial performance under GAAP, and should not be considered as alternatives to actual revenue growth derived from revenue amounts presented in accordance with GAAP. The Company does not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by GAAP financial results. A reconciliation of the as adjusted revenue growth rates to the reported revenue growth rates is provided herein.

Refer to Item 3. “Quantitative and Qualitative Disclosures About Market Risk” for further discussion of the impact of foreign currency exchange rates on the Company’s results of operations and financial condition.

Three Months Ended June 30, 2020 and 2019

Revenues. The Company’s revenues were $1.11 billion for the three months ended June 30, 2020, decreasing by 26.9% compared to $1.52 billion for the three months ended June 30, 2019. Revenues from foreign operations represented 22% of total revenues for both the three months ended June 30, 2020 and 2019. The Company analyzes its revenues for three reportable segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. For the three months ended June 30, 2020, risk consulting and internal audit services continued to post solid growth rates, compared to the same period in 2019. The Company’s revenues for the three months ended June 30, 2020 were impacted by the global stay-at-home orders, significant travel restrictions, and business closures which resulted in global economic disruptions. Contributing factors for each reportable segment are discussed below in further detail.

Temporary and consultant staffing revenues were $753 million for the three months ended June 30, 2020, decreasing by 31.7% compared to revenues of $1.10 billion for the three months ended June 30, 2019. Key drivers of temporary and consultant staffing revenues include average hourly bill rates and the number of hours worked by the Company’s engagement professionals on client engagements. The Company’s temporary and consultant staffing revenue in the second quarter of 2020 reflected the economic circumstances present in the quarter. On an as adjusted basis, temporary and consultant staffing revenues decreased 31.2% for the second quarter of 2020 compared to the second quarter of 2019. In the U.S., revenues in the second quarter of 2020 decreased 31.7% on both an as reported basis and on an as adjusted basis, compared to the second quarter of 2019. For the Company’s international operations, 2020 second quarter revenues decreased 31.8% on an as reported basis and decreased 28.9% on an as adjusted basis, compared to the second quarter of 2019. The decreases ultimately resulted from fewer hours worked by the Company’s engagement professionals on client engagements.

Permanent placement staffing revenues were $71 million for the three months ended June 30, 2020, decreasing by 49.6% compared to revenues of $141 million for the three months ended June 30, 2019. Key drivers of permanent placement staffing revenues consist of the number of candidate placements and average fees earned per placement. Permanent placement staffing revenues in the second quarter of 2020, reflected the economic circumstances present in the quarter. On an as adjusted basis, permanent placement staffing revenues decreased 49.1% for the second quarter of 2020 compared to the second quarter of 2019, driven by a decrease in number of placements, partially offset by an increase in average fees earned per placement. In the U.S., revenues for the second quarter of 2020 decreased 51.6% on both an as reported basis and on an as adjusted basis, compared to the second quarter of 2019. For the Company's international operations, revenues for the second quarter of 2020 decreased 45.0% on an as reported basis and decreased 43.2% on an as adjusted basis, compared to the second quarter of 2019. Demand for permanent placement staffing is even more sensitive to economic and labor market conditions than demand for temporary and consultant staffing as demonstrated by the results in the current economic environment.

Risk consulting and internal audit services revenues were $284 million for the three months ended June 30, 2020, increasing by 4.1% compared to revenues of $273 million for the three months ended June 30, 2019. Key drivers of risk consulting and internal audit services revenues are the billable hours worked by consultants on client engagements and average hourly bill rates. On an as adjusted basis, risk consulting and internal audit services revenues increased 4.5% for the second quarter of 2020 compared to the second quarter of 2019, primarily due to an increase in billable hours. In the U.S., revenues in the second quarter of 2020 increased 6.4% on an as reported basis and 6.3% on an as adjusted basis, compared to the second quarter of 2019. Contributing to the U.S. increase were services related to business performance improvement, technology consulting, and internal audit and financial advisory practice areas. The Company's risk consulting and internal audit services revenues from international operations decreased 3.9% on an as reported basis and 1.5% on an as adjusted basis for the second quarter of 2020 compared to the second quarter of 2019.

A reconciliation of the non-GAAP year-over-year revenue growth rates to the as reported year-over-year revenue growth rates for the three months ended June 30, 2020, is presented in the following table:

	Global	United States	International
Temporary and consultant staffing			
As Reported	-31.7%	-31.7%	-31.8%
Billing Days Impact	-0.1%	0.0%	0.0%
Currency Impact	0.6%	—	2.9%
As Adjusted	-31.2%	-31.7%	-28.9%
Permanent placement staffing			
As Reported	-49.6%	-51.6%	-45.0%
Billing Days Impact	-0.1%	0.0%	-0.1%
Currency Impact	0.6%	—	1.9%
As Adjusted	-49.1%	-51.6%	-43.2%
Risk consulting and internal audit services			
As Reported	4.1%	6.4%	-3.9%
Billing Days Impact	-0.1%	-0.1%	0.0%
Currency Impact	0.5%	—	2.4%
As Adjusted	4.5%	6.3%	-1.5%

Gross Margin. The Company's gross margin dollars were $423 million for the three months ended June 30, 2020, decreasing by 33.6% compared to $638 million for the three months ended June 30, 2019. Contributing factors for each reportable segment are discussed below in further detail.

Gross margin dollars for temporary and consultant staffing represent revenues less direct costs of services, which consist of payroll, payroll taxes and benefit costs for engagement professionals, and reimbursable expenses. The key drivers of gross margin are: i) pay-bill spreads, which represent the differential between wages paid to engagement professionals and amounts billed to clients; ii) fringe costs, which are primarily composed of payroll taxes and benefit costs for temporary and consultant staffing employees; and iii) conversion revenues, which are earned when a temporary position converts to a permanent position with the Company's client. Gross margin dollars for the Company's temporary and consultant staffing division were $279 million for the three months ended June 30, 2020, decreasing 33.6% compared to $421 million for the three months ended June 30, 2019. As a percentage of revenues, gross margin for temporary and consultant staffing was 37.1% in the second quarter of 2020, down from 38.2% in the second quarter of 2019. This year-over-year decline in gross margin percentage was primarily attributable to lower conversion revenues.

Gross margin dollars for permanent placement staffing represent revenues less reimbursable expenses. Gross margin dollars for the Company's permanent placement staffing division were $71 million for the three months ended June 30, 2020, decreasing 49.6% from $141 million for the three months ended June 30, 2019. Because reimbursable expenses for permanent placement staffing are de minimis, gross margin dollars are substantially explained by revenues previously discussed.

Gross margin dollars for risk consulting and internal audit services represent revenues less direct costs of services, which consist primarily of professional staff payroll, payroll taxes, benefit costs and reimbursable expenses. The primary drivers of risk consulting and internal audit services gross margin are: i) the relative composition of and number of professional staff and their respective pay and bill rates; and ii) staff utilization, which is the relationship of time spent on client engagements in proportion to the total time available for the Company's risk consulting and internal audit services staff. Gross margin dollars for the Company's risk consulting and internal audit division were $73 million for the three months ended June 30, 2020, decreasing 4.2% compared to $76 million for the three months ended June 30, 2019. As a percentage of revenues, gross margin for risk consulting and internal audit services in the second quarter of 2020 was 25.7%, down from 27.9% in the second quarter of 2019. The year-over-year decline in gross margin percentage was due primarily to lower staff utilization rates.

Selling, General and Administrative Expenses. The Company's selling, general and administrative expenses consist primarily of staff compensation, advertising, variable overhead, depreciation, and occupancy costs. The Company's selling, general and administrative expenses were $365 million for the three months ended June 30, 2020, decreasing 23.7% from $478 million for the three months ended June 30, 2019. Despite the significant reduction in selling, general and administrative cost during the quarter, as a percentage of revenues, the Company's selling, general and administrative expenses were 32.9% for the second quarter of 2020, up from 31.5% in the second quarter of 2019. The increase in selling, general and administrative expenses as a percentage of revenues was significantly impacted by negative leverage as revenues decreased. The timing of our cost-reduction actions, including compensation-related costs associated with employee terminations, impacted total selling, general and administrative costs for the quarter. Contributing factors for each reportable segment are discussed below in further detail.

Selling, general and administrative expenses for the Company's temporary and consultant staffing division were $251 million for the three months ended June 30, 2020, decreasing 20.5% from $316 million for the three months ended June 30, 2019. As a percentage of revenues, selling, general and administrative expenses for temporary and consultant staffing were 33.3% in the second quarter of 2020, up from 28.6% in the second quarter of 2019 due primarily to negative leverage as revenues decreased as a result of financial conditions during the quarter.

Selling, general and administrative expenses for the Company's permanent placement staffing division were $71 million for the three months ended June 30, 2020, decreasing by 38.3% compared to $115 million for the three months ended June 30, 2019. As a percentage of revenues, selling, general and administrative expenses for permanent placement staffing were 100.2% in the second quarter of 2020, up from 81.8% in the second quarter of 2019 due primarily to negative leverage as revenues decreased in response to the COVID-19 pandemic.

Selling, general and administrative expenses for the Company's risk consulting and internal audit services division were $43 million for the three months ended June 30, 2020, decreasing by 9.5% compared to $47 million for the three months ended June 30, 2019. As a percentage of revenues, selling, general and administrative expenses for risk consulting and internal audit services were 15.1% in the second quarter of 2020, down from 17.3% in the second quarter of 2019 due primarily to a decrease in variable overhead costs.

Operating Income. The Company's total operating income was $58 million, or 5.3% of revenues, for the three months ended June 30, 2020, down from $159 million, or 10.5% of revenues, for the three months ended June 30, 2019. For the Company's temporary and consultant staffing division, operating income was $28 million, or 3.8% of applicable revenues, down from $105 million, or 9.5% of applicable revenues, in the second quarter of 2019. For the Company's permanent placement staffing division, operating loss was less than a million, or (0.3)% of applicable revenues, compared to an operating income of $25 million, or 18.0% of applicable revenues, in the second quarter of 2019. For the Company's risk consulting and internal audit services division, operating income was $30 million, or 10.6% of applicable revenues, compared to an operating income of $29 million, or 10.6% of applicable revenues, in the second quarter of 2019.

Provision for income taxes. The provision for income taxes was 20.4% and 28.4% for the three months ended June 30, 2020 and 2019, respectively. The relatively low second quarter tax rate in 2020 is a consequence of a lower anticipated full-year tax rate compared to the full-year estimate in the first quarter.

Six Months Ended June 30, 2020 and 2019

Revenues. The Company's revenues were $2.62 billion for the six months ended June 30, 2020, decreasing by 12.4% compared to $2.98 billion for the six months ended June 30, 2019. Revenues from foreign operations represented 22% of total revenues for the six months ended June 30, 2020, down from 23% of total revenues for the six months ended June 30, 2019. The Company analyzes its revenues for three reportable segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. Risk consulting and internal audit services increased, offset by decreases in temporary and consulting staffing and permanent placement staffing Contributing factors for each reportable segment are discussed below in further detail.

Temporary and consultant staffing revenues were $1.85 billion for the six months ended June 30, 2020, decreasing by 15.6% compared to revenues of $2.19 billion for the six months ended June 30, 2019. Key drivers of temporary and consultant staffing revenues include average hourly bill rates and the number of hours worked by the Company's engagement professionals on client engagements. On an as adjusted basis, temporary and consultant staffing revenues decreased 15.6% for the first half of 2020 compared to the first half of 2019. In the U.S., revenues in the first half of 2020 decreased 15.1% on an as reported basis and 15.7% on an as adjusted basis, compared to the first half of 2019. For the Company's international operations, revenues for the first half of 2020 decreased 17.6% on an as reported basis and decreased 15.1% on an as adjusted basis, compared to the first half of 2019. The decreases ultimately resulted from fewer hours worked by the Company's engagement professionals on client engagements.

Permanent placement staffing revenues were $192 million for the six months ended June 30, 2020, decreasing by 29.7% compared to revenues of $272 million for the six months ended June 30, 2019. Key drivers of permanent placement staffing revenues consist of the number of candidate placements and average fees earned per placement. On an as adjusted basis, permanent placement staffing revenues decreased 29.6% for the first half of 2020 compared to the first half of 2019, driven by a decrease in number of placements, partially offset by an increase in average fees earned per placement. In the U.S., revenues for the first half of 2020 decreased 29.3% on an as reported basis and 29.8% on an as adjusted basis, compared to the first half of 2019. For the Company's international operations, revenues for the first half of 2020 decreased 30.6% on an as reported basis and 29.0% on an as adjusted basis, compared to the first half of 2019. Historically, demand for permanent placement staffing is even more sensitive to economic and labor market conditions than demand for temporary and consultant staffing and this is expected to continue.

Risk consulting and internal audit services revenues were $578 million for the six months ended June 30, 2020, increasing by 10.1% compared to revenues of $525 million for the six months ended June 30, 2019. Key drivers of risk consulting and internal audit services revenues are the billable hours worked by consultants on client engagements and average hourly bill rates. For the six months ended June 30, 2020, risk consulting and internal audit services continued to post strong growth rates, compared to the same period in 2019. On an as adjusted basis, risk consulting and internal audit services revenues increased 9.8% for the first half of 2020 compared to the first half of 2019, due primarily to an increase in billable hours. In the U.S., revenues in the first half of 2020 increased 13.5% on an as reported basis and 12.6% on an as adjusted basis, compared to the first half of 2019. The Company's risk consulting and internal audit services revenues for the first half of 2020 from international operations decreased 1.3% on an as reported basis and increased 0.4% on an as adjusted basis, compared to the first half of 2019.

A reconciliation of the non-GAAP year-over-year revenue growth rates to the as reported year-over-year revenue growth rates for the six months ended June 30, 2020, is presented in the following table:

	Global	United States	International
Temporary and consultant staffing			
As Reported	-15.6%	-15.1%	-17.6%
Billing Days Impact	-0.7%	-0.6%	-0.5%
Currency Impact	0.7%	—	3.0%
As Adjusted	-15.6%	-15.7%	-15.1%
Permanent placement staffing			
As Reported	-29.7%	-29.3%	-30.6%
Billing Days Impact	-0.5%	-0.5%	-0.5%
Currency Impact	0.6%	—	2.1%
As Adjusted	-29.6%	-29.8%	-29.0%
Risk consulting and internal audit services			
As Reported	10.1%	13.5%	-1.3%
Billing Days Impact	-0.9%	-0.9%	-0.7%
Currency Impact	0.6%	—	2.4%
As Adjusted	9.8%	12.6%	0.4%

Gross Margin. The Company's gross margin dollars were $1.03 billion for the six months ended June 30, 2020, decreasing by 17% compared to $1.25 billion for the six months ended June 30, 2019. Contributing factors for each reportable segment are discussed below in further detail.

Gross margin dollars for temporary and consultant staffing represent revenues less direct costs of services, which consist of payroll, payroll taxes and benefit costs for engagement professionals, and reimbursable expenses. The key drivers of gross margin are: i) pay-bill spreads, which represent the differential between wages paid to engagement professionals and amounts billed to clients; ii) fringe costs, which are primarily composed of payroll taxes and benefit costs for temporary and consultant staffing employees; and iii) conversion revenues, which are earned when a temporary position converts to a permanent position with the Company's client. Gross margin dollars for the Company's temporary and consultant staffing division were $692 million for the six months ended June 30, 2020, decreasing 16.9% compared to $833 million for the six months ended June 30, 2019. As a percentage of revenues, gross margin for temporary and consultant staffing was 37.5% for the six months ended June 30, 2020, down from 38.1% for the six months ended June 30, 2019. This year-over-year decline in gross margin percentage was primarily attributable to lower conversion revenues.

Gross margin dollars for permanent placement staffing represent revenues less reimbursable expenses. Gross margin dollars for the Company's permanent placement staffing division were $191 million for the six months ended June 30, 2020, decreasing 29.7% from $272 million for the six months ended June 30, 2019. Because reimbursable expenses for permanent placement staffing are de minimis, gross margin dollars are substantially explained by revenues previously discussed.

Gross margin dollars for risk consulting and internal audit services represent revenues less direct costs of services, which consist primarily of professional staff payroll, payroll taxes, benefit costs and reimbursable expenses. The primary drivers of risk consulting and internal audit services gross margin are: i) the relative composition of and number of professional staff and their respective pay and bill rates; and ii) staff utilization, which is the relationship of time spent on client engagements in proportion to the total time available for the Company's risk consulting and internal audit services staff. Gross margin dollars for the Company's risk consulting and internal audit division were $150 million for the six months ended June 30, 2020, increasing 7.5% compared to $140 million for the six months ended June 30, 2019. As a percentage of revenues, gross margin for risk consulting and internal audit services in the first half of 2020 was 26.0%, down from 26.6% in the first half of 2019. The year-over-year decline in gross margin percentage was due primarily to slightly lower staff utilization rates.

Selling, General and Administrative Expenses. The Company's selling, general and administrative expenses consist primarily of staff compensation, advertising, variable overhead, depreciation, and occupancy costs. The Company's selling, general and administrative expenses were $844 million for the six months ended June 30, 2020, decreasing 10.1% from $939 million for the six months ended June 30, 2019. As a percentage of revenues, the Company's selling, general and administrative expenses were 32.3% for the first half of 2020, up from 31.5% the first half of 2019. Contributing factors for each reportable segment are discussed below in further detail.

Selling, general and administrative expenses for the Company's temporary and consultant staffing division were $570 million for the six months ended June 30, 2020, decreasing 8.3% from $622 million for the six months ended June 30, 2019. As a percentage of revenues, selling, general and administrative expenses for temporary and consultant staffing were 30.9% in the first half of 2020, up from 28.4% in the first half of 2019 due primarily to negative leverage as revenues decreased in response to the COVID-19 pandemic.

Selling, general and administrative expenses for the Company's permanent placement staffing division were $180 million for the six months ended June 30, 2020, decreasing by 19.8% compared to $225 million for the six months ended June 30, 2019. As a percentage of revenues, selling, general and administrative expenses for permanent placement staffing were 94.3% in the first half of 2020, up from 82.6% in the first half of 2019 due primarily to negative leverage as revenues decreased in response to the COVID-19 pandemic.

Selling, general and administrative expenses for the Company's risk consulting and internal audit services division were $94 million for the six months ended June 30, 2020, increasing by 1.4% compared to $92 million for the six months ended June 30, 2019. As a percentage of revenues, selling, general and administrative expenses for risk consulting and internal audit services were 16.2% in the first half of 2020, down from 17.6% in the first half of 2019 due primarily to a decrease in variable overhead costs.

Operating Income. The Company's total operating income was $189 million, or 7.2% of revenues, for the six months ended June 30, 2020, down from $306 million or 10.2% of revenues, for the six months ended June 30, 2019. For the Company's temporary and consultant staffing division, operating income was $122 million, or 6.6% of applicable revenues, down from $211 million, or 9.7% of applicable revenues, in the first half of 2019. For the Company's permanent placement staffing division, operating income was $11 million, or 5.6% of applicable revenues, down from an operating income of $47 million, or 17.2% of applicable revenues, in the first half of 2019. For the Company's risk consulting and internal audit services division, operating income was $57 million, or 9.8% of applicable revenues, compared to an operating income of $48 million or 9.0% of applicable revenues, in the first half of 2019.

Provision for income taxes. The provision for income taxes was 28.3% and 27.0% for the six months ended June 30, 2020 and 2019, respectively. The higher tax rate in 2020 is primarily due to the relatively greater impact of disallowed expenses on the full-year estimated rate and less tax benefits related to year-to-date restricted stock vesting at a lower price compared to the first half of 2019.

Liquidity and Capital Resources

The change in the Company's liquidity during the six months ended June 30, 2020 and 2019, is primarily the net effect of funds generated by operations and the funds used for capital expenditures, payment to trusts for employee deferred compensation plans, repurchases of common stock, and payment of dividends.

Cash and cash equivalents were $501 million and $269 million at June 30, 2020 and 2019, respectively. Operating activities provided $426 million during the six months ended June 30, 2020, offset by $43 million and $149 million of net cash used in investing activities and financing activities, respectively. Operating activities provided $248 million during the six months ended June 30, 2019, offset by $48 million and $208 million of net cash used in investing activities and financing activities, respectively.

Operating activities—Net cash provided by operating activities for the six months ended June 30, 2020, was composed of net income of $136 million adjusted upward for non-cash items of $69 million and net cash provided by changes in working capital of $221 million. Net cash provided by operating activities for the six months ended June 30, 2019, was composed of net income of $224 million adjusted upward for non-cash items of $57 million, offset by net cash used in changes in working capital of $33 million.

Investing activities—Cash used in investing activities for the six months ended June 30, 2020, was $43 million. This was composed of capital expenditures of $22 million and net payments for employee deferred compensation plans of $21 million. Cash used in investing activities for the six months ended June 30, 2019, was $48 million. This was composed of capital expenditures of $29 million and net payments for employee deferred compensation plans of $19 million.

Financing activities—Cash used in financing activities for the six months ended June 30, 2020, was $149 million. This included repurchases of $70 million in common stock and $79 million in dividends paid to stockholders. Cash used in financing activities for the six months ended June 30, 2019, was $208 million. This included repurchases of $134 million in common stock and $74 million in dividends paid to stockholders.

As of June 30, 2020, the Company is authorized to repurchase, from time to time, up to 1.5 million additional shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions. During the six months ended June 30, 2020 and 2019, the Company repurchased 1.0 million shares, at a cost of $51 million, and 1.8 million shares, at a cost of $111 million, on the open market, respectively. Additional stock repurchases were made in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of exercise price and applicable statutory withholding taxes. During the six months ended June 30, 2020 and 2019, such repurchases totaled 0.3 million shares, at a cost of $12 million, and 0.3 million shares, at a cost of $17 million, respectively. Repurchases of shares have been funded with cash generated from operations. There were no open market share repurchases during the second quarter of 2020. We anticipate repurchase activity to commence again in the third quarter of 2020, at a reduced rate.

The Company's working capital at June 30, 2020, included $501 million in cash and cash equivalents and $665 million in accounts receivable, both of which will be a significant source of ongoing liquidity and financial resilience. The Company expects that internally generated cash will be sufficient to support the working capital needs of the Company, the Company's fixed payments, dividends, and other obligations on both a short-term and long-term basis.

We have limited visibility into future cash flows as the Company's revenues are dependent on macroeconomic conditions. In order to mitigate expected declines in revenue, we aggressively cut costs in the quarter. These actions have been focused on eliminating all non-essential costs such as travel and events, as well as laying off the Company's less experienced and lower performing staff. These aggressive cost reductions, coupled with a talented and driven team that is backed by our industry-leading technology, position us to fully participate in any economic recovery. In addition, the Company's variable direct costs related to its temporary and consultant staffing business will largely fluctuate in relation to its revenues

In May 2020, the Company entered into a new $100 million unsecured revolving credit facility (the "364-Day Credit Agreement"). Borrowings under the 364-Day Credit Agreement will bear interest in accordance with the terms of the borrowing, which typically will be calculated according to the LIBOR plus an applicable margin. The 364-Day Credit Agreement is subject to certain financial covenants and the Company was in compliance with these covenants as of June 30, 2020. There were no borrowings under the 364-Day Credit Agreement as of June 30, 2020.

On July 30, 2020, the Company announced a quarterly dividend of $.34 per share to be paid to all shareholders of record as of August 25, 2020. The dividend will be paid on September 15, 2020.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

In March 2020, the World Health Organization announced that a novel strain of coronavirus ("COVID-19") had become pandemic. The subsequent global stay-at-home orders resulted in significant travel restrictions and business closures. These actions have led to global economic disruptions. We are continuing to monitor the efforts to mitigate the spread of COVID-19, including uncertainty around the duration and extent of the stay-at-home orders and the effect on the Company's results of operations, financial condition, and liquidity. In light of the economic disruption, we face a greater degree of uncertainty than normal in making the judgments and estimates needed to apply the Company's significant accounting policies. As the situation continues to develop, we may make changes to these estimates and judgments over time, which could result in meaningful impacts to the Company's financial statements in future periods. Actual results and outcomes may differ from management's estimates and assumptions.

Because a portion of the Company's net revenues are derived from its operations outside the U.S. and are denominated in local currencies, the Company is exposed to the impact of foreign currency fluctuations. The Company's exposure to foreign currency exchange rates relates primarily to the Company's foreign subsidiaries. Exchange rates impact the U.S. dollar value of the Company's reported revenues, expenses, earnings, assets and liabilities.

For the six months ended June 30, 2020, approximately 22% of the Company's revenues were generated outside of the United States. These operations transact business in their functional currency, which is the same as their local currency. As a result, fluctuations in the value of foreign currencies against the U.S. dollar, particularly the Canadian dollar, British pound, Euro, and Australian dollar, have an impact on the Company's reported results. Under GAAP, revenues and expenses denominated in foreign currencies are translated into U.S. dollars at the monthly average exchange rates prevailing during the period. Consequently, as the value of the U.S. dollar changes relative to the currencies of the Company's non-U.S. markets, the Company's reported results vary.

During the first six months of 2020, the U.S. dollar fluctuated, but generally strengthened, against the primary currencies in which the Company conducts business, compared to one year ago. Currency exchange rates had the effect of decreasing reported net service revenues by $19.2 million, or 0.6%, in the first half of 2020 compared to the same period one year ago. The general strengthening of the U.S. dollar also affected the reported level of expenses incurred in the Company's foreign operations. Because substantially all the Company's foreign operations generated revenues and incurred expenses within the same country and currency, the effect of lower reported revenues is largely offset by the decrease in reported operating expenses. Reported net income was $0.7 million, or 0.3%, lower in the first half of 2020 compared to the same period one year ago due to the effect of currency exchange rates.

For the one month ended July 31, 2020, the U.S. dollar has weakened against the Canadian dollar, Euro, Australian dollar, and British pound since June 30, 2020. If currency exchange rates were to remain at July 2020 levels throughout the remainder of 2020, the currency impact on the Company's full-year reported revenues and operating expenses would be nearly flat compared to full year 2019 results. Should current trends continue, the impact to reported net income would be immaterial.

Fluctuations in currency exchange rates impact the U.S. dollar amount of the Company's stockholders' equity. The assets and liabilities of the Company's non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at period end. The resulting translation adjustments are recorded in stockholders' equity as a component of accumulated other comprehensive income. Although currency fluctuations impact the Company's reported results and shareholders' equity, such fluctuations generally do not affect cash flow or result in actual economic gains or losses. The Company generally has few cross-border transfers of funds, except for transfers to the U.S. for payment of intercompany loans, working capital loans made between the U.S. and the Company's foreign subsidiaries, and dividends from the Company's foreign subsidiaries.

ITEM 4. Controls and Procedures

Management, including the Company's President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

PART II—OTHER INFORMATION

ITEM 1. Legal Proceedings

There have been no material developments with regard to any of the legal proceedings previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2019.

ITEM 1A. Risk Factors

Except for the modifications and additions to our risk factors appearing in our Quarterly Report on Form 10-Q for the period ended March 31, 2020, there have not been any material changes with regard to the risk factors previously disclosed in our Annual Report.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans (b)
April 1, 2020 to April 30, 2020	—		$ —	—	1,470,655
May 1, 2020 to May 31, 2020	—		$ —	—	1,470,655
June 1, 2020 to June 30, 2020	184	(a)	$ 51.60	—	1,470,655
Total April 1, 2020 to June 30, 2020	184			—	

(a) Represents shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable withholding taxes.

(b) Commencing in October 1997, the Company's Board of Directors has, at various times, authorized the repurchase, from time to time, of the Company's common stock on the open market or in privately negotiated transactions depending on market conditions. Since plan inception, a total of 118,000,000 shares have been authorized for repurchase of which 116,529,345 shares have been repurchased as of June 30, 2020.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosure

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

3.1	Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009.
3.2	Amended and Restated By-Laws, incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K dated February 12, 2020.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101.1	Part I, Item 1 of this Form 10-Q formatted in Inline XBRL.
104	Cover page of this Form 10-Q formatted in Inline XBRL and contained in Exhibit 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROBERT HALF INTERNATIONAL INC.
(Registrant)

/s/ Michael C. Buckley

Michael C. Buckley
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and
duly authorized signatory)

Date: August 3, 2020

EXHIBIT 31.1

Certification Pursuant to Rule 13a-14 under the Securities Exchange Act of 1934

I, M. Keith Waddell, certify that:

1. I have reviewed this report on Form 10-Q of Robert Half International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2020

/s/ M. Keith Waddell

M. Keith Waddell
President & CEO

EXHIBIT 31.2

Certification Pursuant to Rule 13a-14 under the Securities Exchange Act of 1934

I, Michael C. Buckley, certify that:

1. I have reviewed this report on Form 10-Q of Robert Half International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2020

/s/ Michael C. Buckley

Michael C. Buckley
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2020 of Robert Half International Inc. (the “Form 10-Q”), I, M. Keith Waddell, Chief Executive Officer of Robert Half International Inc., certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Robert Half International Inc.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Robert Half International Inc. and will be retained by Robert Half International Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

August 3, 2020

/s/ M. Keith Waddell

M. Keith Waddell
Chief Executive Officer
Robert Half International Inc.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2020 of Robert Half International Inc. (the “Form 10-Q”), I, Michael C. Buckley, Chief Financial Officer of Robert Half International Inc., certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Robert Half International Inc.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Robert Half International Inc. and will be retained by Robert Half International Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

August 3, 2020

/s/Michael C. Buckley

Michael C. Buckley
Chief Financial Officer
Robert Half International Inc.